S. HRG. 100-487

VOLUNTEER SERVICE PROMOTION ACT OF 1987

HEARING

BEFORE THE

SUBCOMMITTEE ON AGING

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 1189

TO AMEND THE OLDER AMERICANS ACT OF 1965 TO AUTHORIZE GRANTS TO STATES FOR DEMONSTRATION PROJECTS THAT PROVIDE TO OLDER INDIVIDUALS SERVICES IN RETURN FOR CERTAIN VOLUNTEER SERVICES PROVIDED TO OTHER INDIVIDUALS

NOVEMBER 12, 1987

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CONTENTS

STATEMENTS

THURSDAY, NOVEMBER 12, 1987

	Page
Cahn, Dr. Edgar S., Southeast Florida Center on Aging, Florida International University, North Miami, FL; Lumarie Polivka-West, Aging and Adult Services Program Office, State of Florida, Tallahassee, FL; Joanne Polowy, division of aging, Missouri Department of Social Services, Jefferson City, MO, and Charlotte Heard, area agency on aging, Oklahoma City, OK	41
Prepared statements of:	
Dr. Cahn (with an attachment)	45
Ms. Polivko-West	70
Ms. Polowy	75
Ms. Heard	90
Bonner, Daniel, director of domestic operations, ACTION, Washington, DC	10
Prepared statement	12
Braum, Beth, executive director, Retired Senior Volunteer Program, prepared statement	100
Melcher, Hon. John, a U.S. Senator from the State of Montana, and Hon. Ron Wyden, a Member of Congress from the State of Oregon, Third District	2
Prepared statement of Mr. Wyden	7
Morris, Robert, senior research associate and Cardinal Medeiros, lecturer, University of Massachusetts at Boston, prepared statement	103
Raphael, Terrie G., Ph.D., prepared statement (with enclosure)	107
Smith, Maria, American Red Cross, Washington, DC, and Winfred Dowling, National Association of Retired Senior Volunteer Project Directors, El Paso, TX	19
Prepared statements of:	
Ms. Smith	23
Ms. Dowling (with an attachment)	33
Terry, Fran, Sr., Companion Program, prepared statement	102
Willingham, Nina, executive director, the Salvation Army, prepared statement	101

ADDITIONAL MATERIAL

Questions and answers:	
Responses of Ms. Polivko-West to questions submitted by Senator Matsunaga	68
Responses of Ms. Polowy to questions submitted by Senator Matsunaga	85
Responses of Ms. Heard to questions submitted by Senator Matsunaga	97

VOLUNTEER SERVICE PROMOTION ACT OF 1987

THURSDAY, NOVEMBER 12, 1987

U.S. SENATE,
SUBCOMMITTEE ON AGING
OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:15 p.m., in room SD-430, Dirksen Senate Office Building, Senator Spark M. Matsunaga (chairman of the subcommittee) presiding.

Present: Senator Matsunaga.

Also present: Senator Melcher and Congressman Wyden.

OPENING STATEMENT OF SENATOR MATSUNAGA

Senator MATSUNAGA. The Subcommittee will come to order.

Good afternoon, ladies and gentlemen. This afternoon, the Subcommittee on Aging of the Committee on Labor and Human Resources will be hearing testimonies on proposals to fund Volunteer Service Credit Demonstration Projects.

We will be exploring this issue with representatives of the Administration, voluntary nonprofit organizations, various individuals who have been offering such projects over the past several years, and sponsors of the act.

Our task this afternoon is to examine the public policy implications of authorizing and funding projects under which an individual may provide services to older persons in exchange for credits which can be used to obtain similar services for himself or herself or other eligible older person.

Among the issues we must consider are:

Will this policy increase the amount of service available to older individuals?

Will this policy adversely affect the availability of volunteers to private nonprofit organizations?

Will this policy create an entitlement which cannot be guaranteed by the Federal Government?

Will individuals who have not previously volunteered be denied services when participants begin to cash in their credits? If so, is this an appropriate mechanism for deciding who receives services and who does not?

Privately and publicly funded Volunteer Service Credit Projects have been operating for several years in Florida, Missouri, Oregon, California, Washington, DC and other areas. It is my hope that we can learn from these projects and begin to amass the information needed to make decisions about whether to fund additional such projects or not, and if funding is provided, where such projects

should be housed administratively at the Federal level of government.

Senator MATSUNAGA. As our first witnesses, I wish to welcome the primary sponsors of the Volunteer Service Credit proposal in Congress, Senator Melcher and Representative Wyden. We shall be pleased to hear from you now.

Senator Melcher.

STATEMENT OF HON. JOHN MELCHER, A U.S. SENATOR FROM THE STATE OF MONTANA, AND HON. RON WYDEN, A MEMBER OF CONGRESS FROM THE STATE OF OREGON, THIRD DISTRICT

Senator MELCHER. Thank you, Mr. Chairman.

Let me congratulate you on your leadership in the passage of The Older Americans Act, which we just completed action on in the Conference Report, accepting that in the Senate.

Senator MATSUNAGA. Thank you. It passed by a 93-to-0 vote today.

Senator MELCHER. That is a typical Matsunaga ratio, 93 or 98 to nothing.

In that bill, Mr. Chairman, you very wisely include volunteer service, and what we seek to do here in this bill, S.1189, in the Senate—and our colleague, Ron Wyden, is the lead person in the Congress in promoting this legislation, because it is an excellent concept.

You know, we are all kind of neighbors. Except for some intrusion by Idaho between Montana and Oregon, we are neighbors; and except for the intrusion of a little bit of the Pacific, Hawaii and Oregon are neighbors. So it is no wonder the three of us think alike; we come from a neighborly attitude.

So I was really pleased to introduce this bill as a companion measure to Congressman Wyden's bill. I believe it could provide long-lasting benefits for our elderly citizens. We do have some cosponsors here in the Senate—Senators Bond, Burdick, DeConcini, and Inouye.

During my years of serving in Congress and elsewhere, Mr. Chairman, I have learned the wisdom of relying on proven methods to accomplishing a goal or solving a problem. However, I have also learned another good lesson, and that is not to be afraid to try out new ideas, to leave the status quo and to start moving forward.

We are experiencing a demographic change of very large proportions. America's population is growing older by leaps and bounds, and the older generation is growing twice as fast as the rest of the age groups. Many of these people need or are going to need some kind of help.

The Department of Health and Human Services in a recent study found that 4.6 million of our older Americans have some type of functional limitation. These limits restrict their ability to perform necessary daily activities or threaten their ability to live independently.

By the year 2000, more than 7.3 million elderly people will need some kind of assistance because of chronic ailments. The nursing home population is expected by the year 2000 to top 2 million.

Varying conditions of infirmity are the burden of older age; we all know that. Increasing functional disabilities and social isolation are aggravated by increasing costs in the health field and reduced funding for social services. When you combine these with growing numbers of older persons, whose lives are being extended due to rapid advancements in science and medical technology, we have a massive increase in the demand for services as a result of that combination.

The former President of the Gerontological Society of America, now a senior research associate and lecturer at the University of Massachusetts, Robert Morris, has said: "The success of science forces us to confront the demand for service unless we are to turn the success into failure measured in quality of human life."

We just cannot risk losing the quality of extended life achieved through the successes of science and technology, by ignoring our responsibilities to the increased demands it places on each of us. Older people, who have contributed much to these accomplishments, deserve to spend their twilight years free from the fear of losing what they have spent so many years to achieve.

Many of our elderly need only limited assistance with their daily activities to remain self-sufficient. But it is obvious that the absence of informal support in the home is the most critical factor in the institutionalization of an older person.

This leads us to the rational conclusion that in these times of fiscal duress, with both the cost of health care and the numbers of elderly on the rise, it is imperative that we develop cost-effective new ways to supplement current programs. And that is where this bill comes in.

The Volunteer Service Credit Act is not designed to take the place of established volunteer programs. It is meant to fill the gaps. We need to attract more volunteers to assist older Americans to retain independence for as long as they can.

The Volunteer Service Credit concept is a new idea that could help millions of our elderly population remain in their own homes. And that is just where they want to be. It offers incentives for voluntarism while giving them the opportunity and the dignity to earn credits that they may draw upon later when they need it most.

For instance, it allows persons who are homebound, but who want the opportunity to contribute to the community, to earn credits by performing such services as telephone assurance. The ideas are endless.

This legislation encourages the cooperation between generations. Volunteers of any age who provide services to seniors, or seniors who provide services to low-income children, may also earn credits. These credits can then be donated to other seniors, who perhaps have no one to help them.

It is the reciprocal nature of service credits, with people acting as both providers and consumers of services, which distinguishes it from traditional volunteer programs and gives it a two-fold effect.

The option to earn credits and donate them to individuals or sponsor groups, such as churches, where they can be credited to someone in need, gives altruism and voluntarism a new meaning.

The Older Americans Act provides for "expanded, innovative volunteer opportunities, which may include volunteer service credit projects, in conjunction with ACTION programs." I am very thankful that is in there, because that is very good, Mr. Chairman. But I think we need to go even further.

ACTION is a well-established and proven vehicle. Its RSVP, Foster Grandparents and Senior Companion programs deserve great credit for the good they have done for the young and the old.

It is also one in which service credits can and already have been utilized effectively, but I believe that no single agency should have a monopoly to experiment with the Service Credit Program. There is a need to include numerous agencies in the experimentation of this new concept.

Senior centers, day care centers, home health agencies, or respite care programs are other possibilities that I believe should be involved.

ACTION is not perceived as a grant-making agency, although it can give mini-grants or administrative grants. It is perceived as a volunteer agency. But the kind of seed money to get service credit programs off the ground—from approximately $75,000 to approximately $200,000 in a three-year grant—is more than ACTION is prepared to make.

My bill would require the Administration on Aging to set aside existing funds from its demonstration project account to make annual grants to no less than eight eligible States. These grants would establish and carry out service credit demonstration projects in all regions of the country, both urban and rural.

Each State should be allowed to approach its program with the needed flexibility to fulfill its own needs. Innovation should not be stifled, but at the same time we need certain regulations to govern the expenditures and provide a framework upon which all jurisdictions can build.

We also need to have the ability to study the feasibility of this program in a variety of settings, to measure its impact on other volunteer programs, and to determine if service credits can generate enough volume to actually constitute an option in shaping national policy.

We have seen many successes in the current grant programs, and admittedly a few problems. But that is the purpose of demonstration projects. Discover what works and build on it. But let's give it a chance.

I believe the volunteer service credit concept can provide a valuable option in caring for older Americans. And it will utilize not more Government dollars, but the voluntary good will of other American citizens. I do not believe this is an option that we can afford to pass up.

Thank you very much, Mr. Chairman.

Senator MATSUNAGA. Thank you very much, Senator Melcher.

And now, we will be happy to hear from you, Congressman Wyden.

Mr. WYDEN. Thank you very much, Mr. Chairman.

I want to thank you for the courtesy that you have extended to me and the chance to meet with you personally in your office on this legislation, and for the extensive time of your staff. I wish per-

haps that the Matsunaga "Midas touch" that produces 93-to-0 votes could be brought over to the House sometime, as our votes have been a little closer. So I thank you.

And it is a pleasure to be with our friend, John Melcher, who does such a good job of advocacy for older people on the Committee. I want him to know I appreciate his help greatly on this legislation.

Mr. Chairman, because the Chairman of the Aging Committee, Mr. Melcher, has stated it so well, I thought perhaps my remarks could become part of your record, and I could just highlight a couple of my principal concerns.

Senator MATSUNAGA. Without objection, your full written statement will appear in the record as though presented in full.

Mr. WYDEN. Thank you, Mr. Chairman.

If I might, let me try to highlight a couple of concerns and also speak to some of the points you made in your opening statement. I think those points are right at the heart of this debate.

The first point, I and John Melcher said it very well, is I do not think we can afford not to try these programs out. Here we are, with a structural deficit of close to $200 bill, a fast-growing older population, a tremendous need for services especially in the home without the ability to meet this growing need. In fact, the gap between supply and demand just gets greater and greater.

So I do not think we can afford not to try out new approaches. It has been my view that during this time of very large Federal deficits, this role of innovator is essential for the Federal Government in social services. It is not to say, "well, we have all the answers," or "this program is going to be the be-all and end-all," but that the Federal Government ought to really be the catalyst, it ought to be the spark for innovation. We ought to say, "well, okay, a small amount of dollars to test this idea out, because we have reason to think it might work, is an appropriate kind of Federal role."

I think this is exactly the kind of thing we ought to be trying to do, and I might add, this is what the President said, in one of his first addresses on the health care subject. He wanted to be very cautious about setting up new programs and new entitlements and the like, but that he saw the Federal Government as a catalyst, as a kind of sparkplug, for new ideas.

Now, obviously, Mr. Chairman, having said that, there are not enough dollars to try everything out. I mean, we all recognize that. So it seems to me that you say let's look at those kinds of things for a try-out or a demonstration which seem to be fairly promising.

We have started this approach in our home State of Oregon and have some of the current statistics that I would just share very briefly, and I think also speak to some of the points that you make.

In Oregon, our State office on senior citizens, called the Senior Services Division of the Human Resources Department, has provided $9,000 of computer hardware to senior centers at four locations around the State. The centers recruit, train and supervise volunteers, track the volunteer credits, and insure the programs, all free of charge to the State. It is called the Volunteer Partnerships for Independence. There is one of these sites running in my own District in Southeast Portland. As of September 30, 1987, in just a few

months in this one center in my own area, we have been able to generate more than 1,000 hours of services to 103 different people.

Now, the center in my District was important, I think, for two reasons, Mr. Chairman, because it talks about the points that you made in your opening comments.

First, according to the people in the program, the program has been able to involve persons who have never volunteered before. I think that is critical. If we just end up taking people from one volunteer program to another, then again, that is not a useful sort of exercise.

Second, volunteers have already in effect cashed in their credits for services. There has been no problem at all returning the favor. One of my constituents told the Senior Citizens Department—and I think it represents the feeling in Oregon, and I quote here—"I am banking good will for a rainy day."

So here we have in the State of Oregon, with four centers and a tiny amount of money, something which embodies the heart of what this ought to be, which is a locally-run, nonbureaucratic kind of approach to have people help people. And it would seem to me that if we get into a situation where, particularly in a try-out stage, we create kind of mammoth bureaucracies and have people in effect going through all kinds of legal hoops and legal hassles, we have really missed the point.

I thought from the very beginning, having read about this and heard from senior groups in our area, that this was something that was worth the try-out. It is not appropriate to call it a huge new program or a huge new entitlement. But the signs of potential, even at the time I introduced my bill, were good. Based on the concrete experience that we have had in Oregon where the program has dealt with some of the concerns you made in your opening statement, like not taking volunteers from other programs, not running into problems of bureaucratic red tape, and not having any problems with people cashing in, I would hope we could work something out so that in a modest sort of way we could try out volunteer service credits a little bit more.

[The prepared statement of Mr. Wyden follows:]

TESTIMONY
CONGRESSMAN RON WYDEN
THE VOLUNTEER SERVICE PROMOTION ACT
BEFORE THE SENATE AGING SUBCOMMITTEE
November 12, 1987

Mr. Chairman, I want to thank you for intiving me to testify today.

Today, the Subcommittee is considering an innovative bill I believe could help older Americans fill the growing gaps in federal health care services. In the last 5 years, over $30 billion has been cut from Medicare and Medicaid programs. At the same time, the older population has grown and, with it, their needs for health care services - particularly care in the home. It's time to look for fresh ideas to strengthen the Older Americans Act. H.R. 907, the Volunteer Service Promotion Act, presents a new approach to serving the long term care needs of America's seniors. By utilizing volunteers, it permits our country to increase the availability of critically needed health care services.

The bill, which passed the House as part of the Older Americans Act, will instruct the Commissioner on Aging to establish demonstration projects to promote volunteer exchanges. Under our bill, volunteers in selected programs would be able to earn credits for their service. People over 60 could volunteer in exchange for a credit when they serve any other person over 60 or a low-income child. These credits could be accumulated and those earning them would have the option to use them for similar services for themselves and their families when needed.

No new Federal funds are needed to implement this bill and no new Federal bureaucracies are created.

As originally drafted, the bill requires the Administration on Aging to use existing funds to establish 5 to 15 volunteer service credit programs for elderly people under the Older Americans Act. Those programs would be operated by the State offices on aging. As you and your staff know, I'm happy to work with you to implement the bill through the ACTION program.

A particularly exciting aspect of the bill is that it would promote closer ties between the generations by allowing elderly people to earn credits by serving low-income children. For example, many communities are in desperate need of child care or tutors for disadvantaged youths. The elderly are in a unique position to be able to give those services.

Finally, the bill allows volunteers to donate their credits to others who are in greater need of the services they have earned. This will encourage capable individuals to volunteer in order that a family member or friend - as well as the volunteer directly - could benefit .

In my home state of Oregon, the Senior Services Division of the Human Resources Department has begun a volunteer credit program. Under Oregon's plan, the state has provided $9000 of computer hardware to senior centers at four locations around the state. The centers recruit, train and supervise volunteers, track credits and insure the programs - all free of charge to the state. The Volunteer Partnerships for Independence program has been up and running in Southeast Portland - my district - and is a huge success.

As of September 30, 1987, the IMPACT Senior Center has enrolled 33 volunteers who have volunteered 1058 hours of services to 103 different people.

The IMPACT Center's success is important for two reasons. First, the program is involving individuals who have never volunteered before. Secondly, volunteers have "cashed in" credits for services, and the program has had no problem returning the favor. As one constituent of mine told the Senior Services Department, "I'm banking goodwill for a rainy day."

The willingness of the state and the senior centers to cooperate on these creative, successful ventures gives a good indication of how well volunteer networks would work nation-wide.

But many communities need our help in getting these unique programs going. As Connie Baldwin, the Oregon service-credits coordinator, told my office, they need more funding in order to sustain a development staff and establish more sites. Without any new spending, we can give elderly service organizations an opportunity to get increasingly necessary long term health care services to seniors in their homes and at local community centers. At a time when we are thinking of expanding hospital stays under Medicare, we must also think about making basic custodial care and preventive health services more accessible. Tapping into the extensive volunteer network that already exists is a must for our social service programs.

Mr. Chairman, volunteers - specifically retired volunteers - are a wellspring of valuable service for our country. I believe service credits give us the opportunity to test a promising idea for strengthening that great resource.

I appreciate your having me testify today. I'd be happy to take your questions.

Senator MATSUNAGA. Thank you very much, Congressman Wyden.

There is a vote on the Senate Floor right now, and we have four minutes left to get to the Floor to vote. So the Subcommittee will stand in recess perhaps for the next seven or eight minutes.

Mr. WYDEN. Would you like me to stay, Mr. Chairman? I would be happy to stay or be excused, whichever is your preference.

Senator MATSUNAGA. I think you may be excused. You made such wonderful presentations, both of you, that there are no questions.

Thank you both.

Mr. WYDEN. Thank you very much.

Senator MATSUNAGA. The Subcommittee stands in recess.

[Short recess.]

Senator MATSUNAGA. The Subcommittee will come to order.

Our next witness is Mr. Daniel Bonner, Director of Domestic Operations of ACTION here in Washington.

Mr. Bonner, thank you for coming. We will be happy to hear from you.

STATEMENT OF DANIEL BONNER, DIRECTOR OF DOMESTIC OPERATIONS, ACTION, WASHINGTON, DC

Mr. BONNER. Thank you, Senator Matsunaga.

I have a full statement which I would like to submit for the record. I would like to summarize those remarks.

Senator MATSUNAGA. Your full statement will appear in the record as though presented in full, and you may summarize.

Mr. BONNER. I am pleased to appear before the Subcommittee today to discuss proposals which would permit older volunteers to earn credits for services furnished to the elderly which later can be redeemed for similar volunteer services.

ACTION has been very much involved in enabling community volunteers to assist homebound older persons with service needs that are similar to those in the service credit-hour model.

In fiscal year 1987, the Retired Senior Volunteer Program was funded for $29.3 million in support of 745 projects and 392,000 RSVP volunteers. These older Americans, who served without compensation, are involved in every imaginable community activity.

RSVP is one of the Federal Government's most cost-effective social service programs. The average Federal cost per hour of volunteer service is 43 cents.

RSVP's partnership with nonprofit community sponsors has generated $7 of community services for every Federal dollar spent.

Further, RSVP attracts significant and growing private sector and public non-ACTION funding; a total of $24.5 million in 1986 alone. Last year, 35,000 RSVP volunteers provided approximately 7 million hours of in-home and companion outreach services to older persons.

Another ACTION program, VISTA, Volunteers in Service to America, places volunteers that recruit part-time volunteers who provide a variety of services to the low-income elderly. In Miami, Florida, a VISTA project uses the volunteer service credit model.

ACTION has continuously sought to redirect our resources with the realization that dramatic shifts in the older population will change the future of health services among the elderly.

In attempting to meet the needs of this population, several States and communities are involved in service credit-hour demonstration projects. Our position is that these, the existing State and local initiatives, must be tested and evaluated before considering Federal involvement.

Some of the vital issues that require resolution include: the assurance that persons who earn credit-hours will have appropriate services available when they need them. The proposed legislation creates a right to receive similar services when a participant becomes older. Does this create entitlement?

Could the eligible individual sue to have services provided free-of-charge based on a volunteer credit?

Do the services provided later to the participant have to be the same as those the participant provided, or can they be more or less intense?

Are all volunteer services given equal weight? Does someone who gives service in the home or helps with shopping get the same credit as someone who keeps in touch by phone? Do those who get paid a stipend get the same credit as those who do the work without compensation?

There are still other issues:

The potential conflict with existing Federal long-term care programs that provide in-home services to older persons regardless of service credit-hours earned; the administrative costs at the provider level for recruiting volunteers and maintaining credit-hour accounts; volunteer liability, accident insurance and workers' compensation expenses; long-term tracking and crediting will be extremely costly. This raises also an issue of equity. How do we account for the crediting of service? Who will keep track of it and certify that it is correct. What will be the Federal versus the State role? Is there an equity problem being created whereby those who enroll with the program get credit, yet those who do not, for whatever reason, will not get credit?

The cost-effectiveness of the service credit-hour model versus Federally-supported volunteer initiatives that address long-term care needs is another issue.

The evaluations of service credit demonstrations will help determine the most cost-effective and efficient means of achieving the commendable goal of increasing the number of senior volunteers who assist their frail elderly neighbors.

Senator Matsunaga, that is the end of my prepared remarks.

I would like to address an issue mentioned by Senator Melcher. He indicated that the ACTION Agency is not perceived to be a grant-making organization. The Older American Volunteer Programs administer 1,100 grants, for a total of $103 million. That would amount to more than a perception that we are only a volunteer agency. It certainly is correct to say we are a volunteer agency, that, and a grant-making organization as well.

[The prepared statement of Mr. Bonner follows:]

TESTIMONY
OF
DANIEL F. BONNER
BEFORE THE
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
SUBCOMMITTEE ON AGING
NOVEMBER 12, 1987

I am pleased to appear before this subcommittee today to discuss legislation such as S. 1189 which would create a volunteer service credit program. These proposals would permit older volunteers to earn credits for services furnished to the elderly, which later can be redeemed for similar volunteer services.

ACTION, the Federal Domestic Volunteer Agency, has been very much involved, for several decades, in enabling community volunteers to assist homebound older persons with service needs that are similar to those in the service credit hour model. One of ACTION's programs, the Retired Senior Volunteer Program (RSVP), was established in 1971 to provide persons aged 60 and over with opportunities to volunteer in their own communities. In FY '87, RSVP was funded for $29.3 million in support of 745 projects and 392,000 RSVP volunteers. These older Americans serve in every imaginable community activity - courts, schools, museums, libraries, hospitals, nursing homes and other service centers. Volunteers serve without compensation, but may be reimbursed for out-of-pocket expenses.

RSVP is one of the Federal government's most cost effective social service programs. The average Federal portion of project costs is $39,355 which generates 500 volunteers serving 94,160 hours of service annually. The average Federal cost per hour of volunteer service is forty-three cents.

RSVP's partnership with non-profit community sponsors has generated $7 of community services for every federal dollar spent. Further, RSVP attracts significant and growing private sector and public non-ACTION funding -- a total of $24.5 million in 1986 or about 87.5% of ACTION's grant funds to RSVP. This non-ACTION support has increased by 41.6% since 1983.

Last year, 18,910 RSVP volunteers provided 3,645,710 hours of in-home services for older persons. These services included peer support, respite care, meal preparation, nutrition counseling and information referral and service coordination. In addition, 16,130 RSVP volunteers provided 3,108,810 hours of service in the category of Companionship/Outreach. This includes friendly visiting, telephone reassurance, letter writing, active listening, counseling and bereavement outreach. A September, 1985 RSVP Impact study by Booz Allen and Hamilton, Inc. compared volunteer participants with non-participants and found that the functional capabilities of RSVP volunteers tended to improve or remain stable over time, while those of non-volunteers diminished, thus indicating strong evidence of the beneficial effects of continued RSVP participation.

The Senior Companion Program, one of ACTION's stipended low-income volunteer programs, continues to play a lead role in the delivery of long-term care services to communities. The Companions receive $2.20 per hour, serve 20 hours per week and provide personal assistance and peer support, primarily to older adults. In FY '87, 5,450 volunteers in 96 projects contributed approximately 5.7 million hours, assisting over 19,000 homebound clients. Major assignment emphasis areas include respite care, assistance to clients discharged from acute care hospitals, mental health care of the terminally ill, drug and substance abuse counseling.

Another ACTION program, Volunteers in Service to America (VISTA), provides a variety of services to low-income communities. With respect to the elderly, VISTA volunteers recruit and place part-time volunteers who provide the following services: nutrition counseling, health support, housing relocation, energy assistance and respite care. In FY '87, 340 volunteers in approximately 60 projects generated needed services in one or more of these categories.

One of VISTA's projects utilizes the volunteer service credit model. In Miami, Florida, the VISTA volunteers are developing a system that will utilize community volunteers to address the needs of the low-income homebound elderly. The community

volunteers will earn credits which will result in volunteer services being directed toward themselves or other needy persons. Edgar S. Cahn, who is also testifying today, is the project director. Since the project started in August, it is too soon to provide specific information on its accomplishments.

ACTION has continuously sought to redirect our resources with the realization that dramatic shifts in the older population will change the future of health services among the elderly. In the next 30 years, the number of elderly living alone will increase 50 percent to 13.5 million, according to a 1987 Commonwealth Fund report. This group will be most vulnerable to high, unexpected medical costs and premature institutionalization.

In attempting to meet the needs of this population, at least five states have passed legislation authorizing development of service credit hour programs. In addition, there are a number of demonstration projects funded at the community level. It is consistent with ACTION's mission to explore innovative approaches to expand volunteerism including such concepts as the service credit hour.

Our position is that these State and local initiatives must be tested and evaluated before considering Federal involvement such as that proposed by S. 1189. Some of the vital program, management and operational issues raised by S. 1189 that require resolution, include:

- The assurance that persons who earn credit hours will have appropriate services available when they need them. The proposed legislation creates a right to receive similar services when a participant becomes older. Does this create an entitlement? Could the eligible individual sue to have services provided free of charge based on a volunteer credit? Do the services provided later to the participant have to be the same as those the participant provided, or can they be more or less intense? Are all volunteer services given equal weight? Does someone who gives service in the home or helps with shopping get the same credit as someone who keeps in touch by phone? Do those who get paid a stipend get the same credit as those who do the work without compensation? These are just a few of the very complex program questions that have not been addressed and need to be thought through.

Other issues are:

- The potential conflict with existing Federal long-term care programs that provide in-home services to older persons regardless of service credit hours earned.

- The administrative costs at the provider level for recruiting volunteers and maintaining credit hour accounts, volunteer liability, accident insurance and worker's compensation expenses. Long-term tracking and crediting will be extremely costly. This raises also an issue of equity. How do we account for the crediting of service? Who will keep track of it and certify that it is correct? What will be the Federal vs State role? Is there an equity problem being created whereby those who "enroll" with the program get credit yet those who do not, for whatever reason, will not get credit?

- The cost effectiveness of the service credit hour model versus federally supported volunteer initiatives that address long-term care needs.

Until existing state and community demonstrations are evaluated and the data they provide are analyzed, we oppose S. 1189 or other legislation which would authorize such a new Federal volunteer program. The evaluations will help determine the most cost effective and efficient means of achieving the commendable goal of increasing the number of senior volunteers who assist their frail elderly neighbors.

Senator MATSUNAGA. Well, Mr. Bonner, you raise some very cogent questions. I would appreciate it if you would respond to your own questions, to see how you feel those questions should be answered—perhaps in writing, to save time.

Mr. BONNER. Certainly; we shall certainly do that.

Senator MATSUNAGA. We would appreciate that.

Now, Mr. Bonner, is the VISTA program utilizing the volunteer services credit model being systematically evaluated?

Mr. BONNER. Yes, it is. That is the one in Florida. "Little Havana" is the name of the project. It is an inter-racial program in that city, and plans are for an intensive evaluation to be done.

Senator MATSUNAGA. When do you expect the evaluation report?

Mr. BONNER. Sometime next year, probably later than sooner. We are three months into the program, as I understand it, and therefore the program has to be given some time to work before it can be evaluated.

Senator MATSUNAGA. Now, if a demonstration program such as that proposed in S. 1189 were to be conducted, under what Federal agency would you have it operate?

Mr. BONNER. The ACTION Agency is a Federal volunteer agency. We have experience running over several decades now, and great expertise. The answer is the ACTION Agency.

Senator MATSUNAGA. Is the service credit model any less or more problematic from ACTION's viewpoint than providing a stipend to volunteers under the Senior Companion Program?

Mr. BONNER. It seems to us that providing the stipends is not problematic. It is a clearcut, very easy-to-administer part of the ACTION programs. On the other hand, we feel that service credit is problematic for the reasons I enumerated in the testimony.

Senator MATSUNAGA. Well, thank you very much, Mr. Bonner. We certainly appreciate your coming and taking time out of your busy day to testify before the subcommittee.

Thank you very much.

Mr. BONNER. Thank you, Senator.

Senator MATSUNAGA. Our next panel of witnesses consists of Ms. Maria Smith of the American Red Cross and Ms. Winifred Dowling of the National Association of Retired Senior Volunteer Project Directors.

We would be happy to hear from you first, Ms. Smith.

STATEMENTS OF MARIA SMITH, AMERICAN RED CROSS, WASHINGTON, DC, AND WINIFRED DOWLING, NATIONAL ASSOCIATION OF RETIRED SENIOR VOLUNTEER PROJECT DIRECTORS, EL PASO, TX

Ms. SMITH. Good afternoon, Mr. Chairman.

Senator MATSUNAGA. Good afternoon.

Ms. SMITH. I am here today representing Charlotte Lunsford, National Chairman of Volunteers of the American Red Cross, who very much regrets being unable to attend this afternoon.

Just as is Mrs. Lunsford, I am a Red Cross volunteer and have been for many years. My present volunteer position at the National Headquarters of the American Red Cross is with the Depart-

ment of Corporate Planning and Evaluation, where I am currently comanaging a major study on trends in voluntarism.

The purpose of the study is to help nonprofit organizations, including ourselves, rethink volunteer policies, practices, and incentives in light of changing volunteer motivations and expectations and in light of the changing economic, social and demographic circumstances of the next decade.

The American Red Cross has given top priority to this study not only because volunteers are our lifeblood, but because we believe that voluntarism makes us as a nation a stronger and a more caring and a more compassionate society.

The primary focus of the work of the Red Cross is to assist people in preventing, preparing for, and coping with emergencies. Since the elderly are a population vulnerable and at risk, our chapters are, as you know, involved in many programs that assist the elderly.

However, today we are not the experts on aging in this room. It is you and the members of your staff who are the experts on the problems of aging. We will not presume to speak to you as experts in that field, but rather as experts and practitioners in the field of volunteers and voluntarism.

So let me start by speaking a little about the spirit, the essence, of voluntarism. It is a very American phenomenon, deeply embedded in the American character, in our can-do philosophy of rugged individualism, and in our history since the earliest days. It has also been essentially a decentralized and nonlegislated phenomenon which has expressed itself in a myriad of creative ways in response to particular circumstances in individual communities.

Until recently, it has been largely taken for granted and little studied. Within the last 5 years, however, there has been a great surge of public and institutional interest in voluntarism. All of a sudden, the word "volunteer" is on everyone's lips.

But as in all cases where an old idea is acquiring new life and new applications and is enlisted to meet new needs, one has to make sure that the new enthusiasm does not dilute or weaken the original concept or inadvertently transform it beyond recognition.

This is all the more true in a field such as voluntarism where the key word "volunteer" has had many and very different meanings. I will not go into those meanings; they are in the full statement, which I would be pleased to have put into the record. This is a summary.

But if there are so many definitions of the word "volunteer," why not volunteers who receive volunteer service credits as provided for in S. 1189?

At the American Red Cross, we feel that the basic tenet of voluntary service is not receiving a quid pro quo. We consider that principle fundamental. As a matter of fact, it defines the concept of voluntarism.

That does not mean that we think of volunteer service as cost-free or that the organization to which the volunteer donates time has no obligations to that volunteer. Rather, we mean that voluntary service is a gift to the organization, similar to a gift of money or of blood. Such a gift generates many benefits for the donor, but not an equivalent compensation in kind or in money.

The benefits to the donor of time and talent are many. But there is no accounting system involved. There is no question of entitlement.

It is true that the old-fashioned idea that volunteers contribute only out of the kindness of their hearts has largely been disproven. Recent surveys we have conducted as part of our volunteer study have shown that while volunteers are motivated to a certain extent by altruism, they are motivated also by a desire for personal growth, a desire for professional growth, a desire for social interaction, a desire for recognition or prestige, for stimulation in their lives, and so on and so forth.

Thus, given these many motivations, there are many ways to promote and encourage volunteer service without negating the whole concept by quid pro quo contracts.

American Red Cross National Headquarters has recently conducted a study on "Caregivers and their Black Elderly Clients." I have the study with me and will be happy to leave it for the Committee. This study has identified two important needs that caregivers have—the need for training and the need for respite from caregiving tasks. Programs that fulfill these needs would be promoting voluntarism in the real sense of that word. That is because volunteers would be getting in return for their services something of value to themselves, but also something that improves their capacity to do their caregiving and at the same time prepares them better to look after themselves as they themselves get older.

Courses by local service organizations in nutrition for the elderly, health promotion for the elderly, care of the elderly, money management, stress management, CPR, home nursing, taking vital signs, and first aid, courses such as these given free-of-charge to caregivers would be a great incentive to volunteers. They would provide volunteers not only with skills and information useful to themselves and their clients, but also respite from caregiving.

Money which under S. 1189 would go to cumbersome account-keeping and management of service credits could go instead to paying for courses and providing substitutes for caregivers during course instruction.

Another incentive for volunteering, very simple but often forgotten, is meaningful recognition of the volunteer by the community, by the local government, by community service agencies.

Therefore, we are suggesting the following as powerful incentives in recruiting caregivers: Respite from caregiving, personal and professional growth through training, increased capacity for self-help in one's own old age through training and community recognition. We feel that these would be preferable to the incentive of banking service credits. It would be more in keeping with the spirit of voluntarism and less of a bureaucratic burden.

A system of statewide recordkeeping of volunteer hours by caregivers to the elderly over an extended time period seems to us an awesome assignment. It assumes a very static situation where programs and agencies go on forever, as we know they do not, and where residents remain in their own communities forever, as we know they do not.

Add to this the need to differentiate in the accounting system between a wide variety of types of service, the need to differentiate

between degrees of intensity of service delivery—as, for example, between mobile and immobilized clients, or continent and incontinent clients—and add to this further the need to establish standards and to monitor service delivery, and you have the makings of a bureaucratic nightmare.

Even the best system that can be devised will have trouble coping with some of the practical and ethical questions that will arise. For example, is an hour of driving someone to a shopping mall equivalent to an hour of homemaking? Is the hour of a trained and skilled caregiver equivalent to an hour of caregiving by an untrained or lesser-skilled one?

Or another type of example, this time with ethical overtones. Assuming that when the credits come due, there is a shortage of caregivers, will available caregivers be assigned to those who have credits in the bank or to those in greatest need? That is indeed an ethical dilemma.

What S. 1189 proposes is not really a volunteer service promotion, but an insurance system by which premiums are paid in kind. The problem with such an insurance system is that it does not guarantee the insured that the kind of service needed when the policy is cashed in will be the kind of service that will be available. It thus gives a false sense of security.

Far better, in our opinion, to try and guarantee adequate volunteer participation in the care of the elderly as in other areas, by pro-actively studying voluntarism and nurturing its spirit.

After the completion of our study, the American Red Cross will be glad to submit suggestions for pilot projects that would deal with enhancing volunteer development and motivation to help meet the needs of the future. In the meantime, we respectfully suggest that the word "volunteer" be eliminated from the title of the proposed act and that if it is reported out of committee, it be renamed "The Service Credit Act of 1987."

In summary, the American Red Cross feels that it cannot endorse S. 1189 and must speak in opposition. The reasons are as stated: (1) Service credits violate the spirit of voluntarism. There exist better incentives. (2) Service credits create a bureaucratic nightmare of recordkeeping, quality control, and monitoring. (3) Service credits may create false expectations and therefore a false sense of security among participants. (4) Service credits pose certain ethical questions that will be deeply troubling in the administration of the program.

Thank you very much for your attention, Mr. Chairman.

Senator MATSUNAGA. Thank you very much, Ms. Smith.

[The prepared statement of Ms. Smith follows:]

TESTIMONY OF THE AMERICAN RED CROSS

Sub-Committee on Aging
Committee on Labor and Human Resources
U.S. Senate
November 12, 1987

INTRODUCTION

My name is Maria Petschek Smith. I am representing Charlotte Lunsford, National Chairman of Volunteers of the American Red Cross, who very much regrets being unable to appear in person before you today.

Just as is Mrs. Lunsford, I am a Red Cross volunteer and have been for many years. By profession I am a political economist with an MA from Harvard University, and with an employment history in research and teaching. But for most of my life I have been involved in voluntary activities. My present volunteer position at the National Headquarters of the American Red Cross is with the Department of Corporate Planning and Evaluation where I am currently co-managing a major study on trends in voluntarism.

The American Red Cross is grateful and pleased that you have asked to hear its views on S.1189 which deals with volunteer service credits. All aspects of voluntarism are of great interest to the American Red Cross since we are an organization directed and managed by volunteers at each of its levels and whose service providers are primarily volunteers. At the American Red Cross 1,500,000 volunteers work with 20,000 paid staff. Throughout its 106 year history the American Red Cross has been a pioneer and a model in the field of voluntarism, and a resource to younger organizations.

By their sheer numbers, the diversity of structures and lines of service in which they operate, and the range of roles in which they perform, Red Cross volunteers in effect mirror the complexity of the American voluntary sector. Indeed, given the number and variety of Red Cross programs, its hands-on field experience, large size, and presence at the local, national, and international levels, the American Red Cross represents a microcosm of American voluntary activity.

The primary focus of the Red Cross is to assist people in preventing, preparing for and coping with emergencies. Since older people and the aged are a population vulnerable and at risk, our chapters are involved in many programs that assist them such as meals on wheels, telephone reassurance, home visits, home nursing, health care courses, nutrition courses, transportation services, to mention but a few. At the national level we have just completed a study and survey of Caregivers and their Black Elderly Clients.

However, in this room today it is you, the members of the Sub-Committee and your staff, who are the experts on the problems of aging. We will not presume to speak to you as experts in that field but rather as experts and practitioners in the field of volunteers and voluntarism.

The major study which we are conducting in this field and which we call Volunteer 2000, is an effort to take a comprehensive look at volunteers and voluntarism in order to sustain and strengthen the already considerable volunteer contribution to our society and economy. We hope this study will result in a clarification of the philosophy and ethics of voluntarism, and in a better understanding of how to tap the potential volunteer pool through greater responsiveness to volunteer motivations and expectations. We hope it will help all non-profit organizations including ourselves to rethink volunteer policies and practices in light of the changing economic, social and demographic circumstances of the next decade.

The American Red Cross has given a very high priority to this study because it believes that the existence of a significant and growing volunteer input will make us not only a stronger society but a more compassionate and caring one as well.

ARGUMENT

The Spirit of Voluntarism

Let me speak first about voluntarism. It is a very American phenomenon deeply embedded in the American character, in our can-do philosophy of rugged individualism and in our history since the earliest colonial days. It has also been essentially a decentralized and unlegislated phenomenon which has expressed itself over the decades in a myriad of creative ways in response to particular circumstances in individual communities. Until recently it has been a phenomenon largely taken for granted and little studied.

Within the last five years, however, there has been a great surge of public and institutional interest in volunteerism. Stimulating this surge has been a desire to return to basic values, a renewed interest in religion and participation in religious institutions, the identification of a vast new array of health and social problems, government retrenchment and budgetary restraints, and a political climate reflecting President Reagan's philosophy as expressed, for example, in his Private Sector Initiative.

All of a sudden the word "volunteer" is on everyone's lips. The United Way which until recently was primarily a fund raising and funding organization, is placing increasing emphasis on stimulating also the gifts of time and talent which Americans extend to philanthropic organizations. Similarly, another umbrella

organization for the non-profits, the Independent Sector, has come out with very specific targets for volunteer involvement by the citizenry. In the private sector, both unions and corporations are experimenting with many creative volunteer concepts such as work release time, loaned executivces and work-site volunteers.

But, as in all cases where an old idea is acquiring new life and new applications and is enlisted to meet new needs, one has to make sure that the new enthusiasm does not dilute or weaken the original concept or inadvertently transform it beyond recognition. This is all the more true in a field such as voluntarism where the key word "volunteer" has had many and very different meanings.

Note, for example, the use of the word volunteer as in "volunteer army" which refers to an army which people enter by choice rather than by draft but where they receive a salary for their service. Note also the "Peace Corps Volunteer" who receives a regular monthly stipend and a home-coming payment. Then there are intern volunteers who receive academic credits, and volunteers who are reimbursed for expenses, and volunteers who accept a negative cash-flow by paying all volunteer related expenses out of pocket.

Well, you ask, if there are so many different definitions of "volunteer" why not volunteers who receive volunteer service credits for hours served which they can cash in for similar services for themselves or their designees at a later time as specified in S.1189?

At the American Red Cross we feel that one of the basic tenets of voluntary service is not receiving a quid pro quo. That does not mean that we think of volunteer service as "free" or that the organization to which the volunteer donates time has no obligations to that volunteer. Rather, we mean that voluntary service is a gift to the organization, similar to a gift of money or of blood. Such a gift generates many benefits for the donor but not an equivalent compensation in kind or in money.

The benefits to the donor of time and talent are many and varied. The old-fashioned idea that volunteers contribute only "out of the kindness of their hearts" has largely been disproven. Recent surveys we have conducted as part of our volunteer study have shown that while volunteers are motivated to a certain extent by "the desire to help" and "a sense of obligation", they are motivated also by "a desire for personal growth", " a desire for professional growth", "a desire for social interaction", "a desire for recognition or prestige", as well as by a desire for stimulation in their lives.

Thus there are many ways to promote and encourage volunteer service without negating the whole concept by quid pro quo contracts. The American Red Cross Study on Caregivers and their

Black Elderly Clients has identified two important needs that caregivers have: The need for training and the need for respite from their caregiving duties. Programs that would fulfill these needs would be promoting voluntarism in the real sense of that word. That is because volunteers would be getting in return for their services something of value to themselves but also something that improves their capacity to do their caregiving and at the same time prepares them better to look after themselves as they themselves get older.

Courses by local service organizations in nutrition for the elderly, health promotion for the elderly, care of the elderly, money management, stress management, CPR, home nursing, taking vital signs, and first aid given free of charge to caregivers or paid for by the state would be a great incentive to volunteers, would provide them not only with skills and information useful to themselves and to their clients, but also respite from caregiving. The money which under S.1189 would go to cumbersome account keeping and management of service credits, could go instead to paying for courses and providing either paid or volunteer substitutes for caregivers during course instruction.

Another incentive for volunteering --so simple it is often forgotten-- is meaningful recognition of the volunteer by the community, local government, and community service agencies. This can take the form of pins, plaques, armbands or certificates as well as articles and pictures in the local newspaper and letters of appreciation by local dignitaries.

Therefore, we are suggesting the following incentives to recruit caregivers: respite from caregiving, personal and professional growth through training, increased capacity for self-help in one's own old age through training, and community recognition. We feel that this would be preferable to the incentive of banking service credits. It would be more in keeping with the spirit of voluntarism and less of a bureaucratic burden.

The Bureaucratic Burden

A system of state-wide record-keeping of volunteer hours of caregivers to the elderly over an extended time period seems to us an awesome assignment. Add to this the need to differentiate between a wide variety of types of services, the need to differentiate between degrees of intensity of service delivery (as for example between mobile and immobilized or continent and incontinent clients) and add to this further the need to establish standards and to monitor service delivery and you have the makings of a bureaucratic nightmare.

Even the best system that can be devised will have trouble coping with some of the practical and ethical questions that will arise. For example: Is an hour of driving someone to a shopping mall equivalent to an hour of home-making? Is the hour of a trained and skilled caregiver equivalent to an hour of caregiving

by an untrained or lesser skilled one? Or another type of example: Assuming, as one must, that when the credits "come due" there is still a shortage of caregivers in a community, will available caregivers be assigned to those who have credits in the bank or to those in greatest need? This indeed is an ethical dilemna.

What S.1189 proposes is not really a volunteer service promotion but an insurance system by which premiums are paid "in kind". The problem with such an insurance system is that it does not guarantee the insured that the kind of services needed when the policy is "cashed in" will be the kind of services that will be available. It thus gives a false sense of security.

Far better, in our opinion, to try to guarantee adequate volunteer participation in the care of the elderly, as in other areas, by pro-actively studying voluntarism and nurturing its spirit. After the completion of its Volunteer 2000 Study, the American Red Cross will be glad to submit suggestions for pilot projects which would enhance volunteer development and motivation to help meet the needs of the future.

In the mean time, we respectfully suggest that the word "volunteer" be eliminated from the title of the proposed act, and that it be renamed "The Service Credit Act of 1987".

CONCLUSION

After careful review, the American Red Cross feels that it cannot endorse S.1189 and must speak in opposition to it. The American Red Cross feels that this bill, the "Volunteer Service Promotion Act of 1987", does violence to the basic concept of voluntarism and thus, in the long run and in a wider context, would undermine rather than promote interest in voluntary service.

The American Red Cross feels that the basic tenet of voluntary service is not receiving a quid pro quo. We suggest, instead of service credits, the following incentives to promote voluntary service to the elderly: Scheduled respite from caregiving; personal and professional growth through training; increased capacity for self-help for one's own old age through training; and community recognition.

In addition, the American Red Cross feels that the bureaucratic problems involved in the equitable and effective administration of a service credit system would be disproportionate to the possible benefits, and that some of the ethical problems involved will defy solution.

Finally, the American Red Cross respectfully suggests that if S.1189 is voted on favorably by the Sub Committee, that its name be changed from "The Volunteer Service Promotion Act of 1987" to "The Service Credit Act of 1987" so as to eliminate the word "volunteer" from the title.

Supplement to Testimony of the American Red Cross on S.1189
before the
Sub-Committee on Aging
Committee on Labor and Human Resources
U.S. Senate
November 12, 1987

Since the American Red Cross was the first to testify among the public witnesses on November 12 we did not have a chance to respond to statements made subsequent to our testimony. We would like to do so briefly in this memorandum which we respectfully request to have appended as an addendum to the written statement which we filed with the Sub-Committee.

1. In the testimony submitted by the Missouri Department of Social Services there appears the following statement:

> "Volunteers receive credit on an hour-for-hour basis, similar to a blood bank."

This analogy is not apt. The American Red Cross blood program is the oldest and largest in the nation, and there is absolutely no policy of credits to donors. With the very recent exception of autologous donations which are treated separately, there is no provision whatsoever that permits a donor to acquire "credits" that would give him or her priority in receiving blood or any discount of the fee charged. In our view, credit for donated blood is as antithetical to the concept of voluntary donation as credit for donated time is to voluntary service.

2. Current "volunteeer credit programs" described by witnesses as being successful were minuscule in volume and scope. This extreme smallness is the reason, in our opinion, why the programs have apparently not encountered the enormous bureaucratic and record-keeping burdens which we foresee in the long run.

Note, for example, the Missouri experience which talks of "730 hours donated by 19 volunteers" and of "65 volunteers serving 52 families...with 3300 hours banked", and only in the area of respite care at that. Congressman Ron Wyden cited the Oregon experiencee of "33 volunteers who have volunteered 1058 hours of service to 103 different people." It is these small numbers, as well as the short times elapsed so far, that have obscured the potential complexities of administering programs of any significant size. (See our original testimony).

3. All the currently operating programs assume very static life situations where programs and agencies go on forever -- as we know they do not-- and where residents remain in their own communities forever --as we know they do not.

4. Most programs assume -- and state -- that government is the service provider of last resort. In other words, if the appropriate volunteer care-giver is not found to provide a needed

service to an elderly client who has service credits to her name, then the state will be expected to furnish or purchase these services and make them available to the credit holder. There would be no realistic way to predict, or budget for, the costs involved and these could be very high if the services needed are of a specialized nature.

6. None of the programs described seem to have dealt realistically with liability issues or with the possibility of agencies being sued for not providing "equivalent" services.

7. In answer to the Chairman's question whether the Red Cross feels that service credit programs would diminish the Red Cross pool of volunteers, we would like to put into writing our oral reply: Growth in true voluntarism in any area will always have positive and reinforcing effects on voluntarism in other areas. A favorable climate for, and increased interest and new initiatives in, volunteer activity is a desirable outcome which will increase the volunteer pool to the benefit of all agencies. Thus it is not "competition for individuals" that worries the Red Cross about the credit service programs. What worries us is the corruption of the basic "no quid pro quo" concept of voluntarism and the misuse of the word "volunteer". (See our original testimony)

8. The oral testimony of the Oklahoma Areawide Aging Agency cited the American Red Cross as being "enthusiastically participating and involved" in their service credit program. In fact, the Oklahoma City Chapter, although asked to be a lead agency for the service credit program, declined to participate because it anticipated a series of problems with its administration. A member of the Chapter staff, acting in an individual capacity, is currently an advisor to the Areawide Aging Agency and to its service credit program. It should be noted, however, that the the American Red Cross position on S.1189 does not preclude individual chapters from participating in service credit programs in their communities if they so desire.

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Senator MATSUNAGA. Ms. Dowling, we will be happy to hear from you now.

Ms. DOWLING. Thank you, Senator.

I feel honored to be here today to testify, and I am also very happy to be here today because I was not sure I was going to make it into Washington last night in the snowstorm. But luckily, we got into Dulles instead of National, and I made it this morning.

Senator MATSUNAGA. We are happy you made it.

Ms. DOWLING. My name is Winifred Dowling, and I am the President of the National Association of RSVP Directors; I am also the Director of the Retired Senior Volunteer Program in El Paso, TX.

We have submitted a written report, and I would just like to make a few comments.

Senator MATSUNAGA. Your full written statements will appear in the record as though presented in full, and we will be happy to hear a summary statement from you now, Ms. Dowling.

Ms. DOWLING. Thank you very much.

The RSVP Association is vitally interested in two aspects of the concept of volunteer service credits. One is that we care very deeply about the quality of life for the frail elderly, and so we are interested in any ideas that could help the growing numbers of frail elderly in the country.

Then secondly, and what I can speak to most directly, is that the concept of RSVP is to provide a more productive life for older people. We have been doing that for 17 years and now have almost 400,000 RSVP volunteers across the country, experimenting in all kinds of ways with concepts like the volunteer service credit program.

We are very happy to at least consider something along these lines. Except for the State of Missouri, RSVP volunteers and directors are not formally connected with any of the volunteer service credit demonstration programs that are going on now. But I did call every city in the country where there are demonstration programs, and in every case there was some kind of RSVP connection, I found. I was not surprised, because I suspected that RSVP's would be interested in looking into a program like this.

In some cases, there was just a peripheral connection, but in other cases, the RSVP volunteers and directors were deeply involved. They were on the steering committees of the demonstration programs, and in one case in Oklahoma, the volunteer RSVP director had signed up herself to be a service credit volunteer in their new program.

So what I mean to say is that there is always a real openness on the part of RSVP directors to consider new ways of improving the lives of older people, and that can be both for the volunteer and for the people served.

There was obviously some real knowledge on the part of RSVP projects in this informal survey that I took. That is not to say that every volunteer service credit demonstration project was considered to have wonderful ideas or that it was certainly going to work. But that is the point of demonstration projects; hopefully, we are going to find out what does not work.

I think some of the real worries the RSVP directors had were about liability, especially in in-home care. That was something

they really did not know how to solve, and that is something that maybe society is going to solve for us further along the line with tort reform; I do not know. The RSVP directors recognized the problems and the complications, but every director that I talked to that had some knowledge of the volunteer service credit programs felt that it was certainly something that we ought to look at further.

And therefore I asked, "As Association President, may I on your behalf say that you would like to see some further Federal involvement in volunteer service credits?" They said yes.

We feel, however, and we feel very strongly, that if there is to be a Federal program, that it ought to be under ACTION. ACTION is the Federal volunteer agency; it is a conduit for grants, and through RSVP in particular, there are 750 projects around the country that are all community-based, receiving grants from ACTION and other sources.

The structure of ACTION means that there are not the kinds of problems that there are with, say, a statewide program. There is not a lot of bureaucracy; there is very little bureaucracy in RSVP, I am happy to report. Having ACTION administer volunteer service credit projects is a way of, I think, expanding demonstration programs through people who understand volunteer management very well.

Sometimes people assume that it is not difficult to work with volunteers. It is not difficult in the sense of satisfaction; it is wonderful to work with volunteers, but it takes some experience. I know my colleague from the Red Cross will agree with me that not everyone can run a good volunteer program.

ACTION and RSVP have 16 years of experience working with volunteers, and I think we do a wonderful job. We are a very low-cost program, too. The average Federal cost per volunteer hour is 47 cents. We do know how to expand a program at very low cost.

I think that the wonderful thing about RSVP is that it is community-based. And each RSVP program works with an average of 87 different nonprofit organizations.

An example I can give you, Senator, is that of El Paso (and RSVP's all over the country have a similar structure). The 1,400 volunteers in El Paso work with 110 different nonprofit organizations or hospitals and other health organizations. In El Paso, virtually every agency that serves people in any way is connected with RSVP. And that is true not just in El Paso, but all across the country.

So that if you are setting up a demonstration program and you want to experiment with different ways of giving volunteer service credits, it seems to me that RSVP could be a wonderful conduit for that.

Another part of that, too—and this is already in place—is that in ACTION there are various backup mechanisms, such as involving Senior Companions and Foster Grandparents and, as they are already doing in Miami, having VISTA volunteers work with the volunteer service credit program.

I did want to say, Ms. Smith, I understand your concern about thinking that maybe volunteer service credits take away something from the true spirit of voluntarism. But let me say I believe—and I

worked at ACTION also for a number of years—I think that you will find that that really is not an issue. Some volunteers in fact are even paid, as in the case of Peace Corps volunteers, VISTA volunteers, Foster Grandparents, Senior Companions. Although I am sure that when these programs were first conceived, it was thought that perhaps reimbursement took away something from the spirit of voluntarism. In fact, ACTION's experience has been that it has not. So I don't think that is a worry at all.

One other major worry is how on earth we keep track of all the volunteer service credits. I think the demonstration programs are going to have to find some answers for that. But I will say that every RSVP is already used to keeping track of hundreds of volunteers on a monthly basis. So it would be easier, probably, for RSVP projects to take on that kind of recordkeeping than somebody who is not used to it.

Senator MATSUNAGA. Thank you very much.

Ms. DOWLING. Thank you, Senator.

[The prepared statement of Ms. Dowling, with an attachment, follows:]

RSVP
Retired Senior Volunteer Program

November 6, 1987

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PREPARED STATEMENT OF WINIFRED DOWLING, PRESIDENT, NATIONAL ASSOCIATION OF RSVP DIRECTORS

Senator Matsunaga and Members of the Committee, thank you for the opportunity to present testimony to this hearing on volunteer service credits. My name is Winifred Dowling. I am President of the National Association of Retired Senior Volunteer Program (RSVP) Directors and I am Director of the RSVP program in El Paso, Texas.

The National Association of RSVP Directors includes two-thirds of RSVP Directors across the country, representing some 250,000 RSVP volunteers. Our purpose is to advocate for older Americans as a national resource, to provide a communications network for RSVP Directors, and to be a vehicle of expression of opinions on behalf of RSVP and older Americans.

The use of volunteer service credits as a new currency--as a way to alleviate social needs and to enhance the role and self-esteem of volunteers strikes an answering chord in RSVP. RSVP's dual purpose is to provide worthwhile work for senior volunteers and to provide needed services in the community.

Volunteer service credits are a revolutionary way of thinking about society's arrangements for the needy. So too has RSVP revolutionized the concept of voluntarism among old people. RSVP is unique in the world. No other country has such a large-scale program to involve older people in the life of the community. RSVP volunteers have the satisfaction of being part of the solution, not part of the problem. Their contributions enhance their own self-image and change younger people's notions about the worth and capability of the elderly.

The Association of RSVP Directors is in favor of further demonstration projects to test the feasibility of volunteer service credits. We are on record, and I will reiterate that we feel that federal initiatives in this area should be included under the Domestic Volunteer Service Act, which is administered by ACTION, the federal volunteer agency. A copy of the Association's letter to that effect to Senator Matsunaga is enclosed for the record.

We are encouraged that in the process of the reauthorization of the Older Americans Act the conferees acknowledged the role of ACTION and that the final language includes a working relationship between the Administration on Aging and ACTION.

In preparation for my testimony, I talked to RSVP directors around the country who are involved with volunteer service credits, including the pilot statewide program in Missouri and the demonstration projects of the Robert Wood Johnson Foundation. In the case of the Robert Wood Johnson demonstration projects, despite the fact that RSVP played no formal role in the establishment of any of these projects, in every case there is some RSVP connection.

At minimum, the sponsoring agency is also a place where RSVP volunteers serve. In several cities, RSVP Project Directors serve on the Advisory Council or steering committees. In one case, the RSVP Director herself volunteered to become a service credit volunteer. In other words, RSVP Directors have taken the initiative to involve themselves in this very new concept of service credits.

In the case of the service credits program in Missouri, RSVP volunteers were involved from the very beginning. There were some administrative problems, and the RSVP projects received no monies from state or federal sources. In fact, the pilot project ended up <u>costing</u> RSVP projects money for transportation and other volunteer support expenses. Nonetheless, there is a willingness to keep on participating.

We spoke to four RSVP Directors in Missouri projects and six Directors in cities where volunteer service credits programs are underway. Their reactions, while generally favorable, ranged from, "It's a great idea that's working" to "I can't see any drawbacks at all" to "Putting a value on service is a little bit like issuing S&H green stamps. It changes the image of volunteering".

There are some wide differences in how the experimental service credit programs work. Nevertheless, we feel it useful to summarize the pros and cons of the RSVP Directors (keeping in mind their varied experiences and levels of involvement).

PROS:

- A better quality of life for the recipient of respite or in-home volunteer services. "It (volunteer service credits) is a very important program...part of the continuum of care that we can offer people." There was a consensus that there is a great need for innovative ways to expand services to the frail elderly.

- Service credits are an additional way to design rewarding volunteer jobs. That is, service credit volunteers tend

to receive more specialized training and more individual attention, they may be asked to perform volunteer service that requires more commitment than that of the typical volunteer.

- Benefits in terms of service credits. The RSVP directors all felt that the service credits were not the prime motivating factor in recruiting volunteers. They did not find it easier to recruit service credit volunteers as compared with other RSVP volunteers. "Most people volunteer for altruistic reasons, but the service credits are a fringe benefit." Thus far, there is no clear evidence that service credits help draw more volunteers into respite and in-home care projects. "Volunteer service credits may draw more people into the system--we just don't know."

- It helps reach the client of homebound or respite services. Sometimes clients resist services, not wanting to accept "charity". Some clients feel better knowing they are providing an opportunity for the volunteers to earn service credits.

- Older service-credit volunteers (and RSVP volunteers in general) have a positive impact on societal views about the elderly.

CONS:

- liability concerns. Although RSVP and other volunteer service credit volunteers have personal liability coverage, some sponsors will not accept volunteers who provide in-home services.

- client-volunteer relationships. With respite and home care programs it can be difficult to build volume of clients. At times there have been more willing volunteers than identified clients. Sometimes clients are reluctant to ask for help: "Others need it more." Or the family is hesitant: "I don't know if I can leave a stranger with my mother." Some respite care volunteers were frightened of dealing with advanced Alzheimer's patients or clients on life support systems. The careful matching of volunteer with client in an in-home setting takes time and skill.

- transfer of credits. This varies widely among the pilot programs, and obviously is very much in the experimental stages. Can be seen as a potential "bureaucratic nightmare".

- technology breakdowns. "The computer never did get going right. Volunteers didn't have much faith in the system."

- volunteer management. Some (non-RSVP) projects didn't have enough experience with volunteer management. "It was doomed to failure. They didn't know what to do with volunteers."

In sum, RSVP Directors are vitally interested in two major aspects of the volunteer service credit programs: providing care to increasing numbers of frail elderly and involving more older people in self-enhancing volunteer work. RSVP Directors who have had experience with the fledgling volunteer service credit projects are aware of the difficulties in some projects and, at the same time, believe that further exploratory programming should be undertaken.

We thank you, Senator Matsunaga and Committee Members for the opportunity to testify on behalf of the National Association of RSVP Directors. We who serve the elderly are eager to explore new avenues that affect the quality of life of both young and old.

National Association of
Retired Senior Volunteer Program
Directors, Inc.

June 29, 1987

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Cheryl Krug, X (OR)

Honorable Spark Matsunaga
Chairman, Subcommittee on Aging
Committee on Labor and Human Resources
404 Hart Senate Office Building
U. S. Senate
Washington, DC 20510

Attn: Lois Fu, Staff Director

Dear Mr. Chairman:

It is my understanding that amendments to the Older Americans Act are being proposed which involve the provision of services by volunteers, particularly senior volunteers.

The National Association of RSVP Directors has deep concerns about any such amendments to the Older Americans Act.

It is our position that federal initiatives of this kind should be included under the Domestic Volunteer Service Act, which is administered by ACTION, the federal volunteer agency. As you know, Title II of this Act authorizes the RSVP, Foster Grandparents, and Senior Companion Programs.

This is not to say that we do not support demonstrations in service credits or intergenerational programming. On the contrary, RSVP projects are already engaged in such efforts across the nation. With respect to legislation involving intergenerational volunteer programs in senior centers, the nearly 750 RSVP projects across the country are already involved in encouraging senior center clients to become engaged in volunteering. In addition, RSVP projects and their directors are among the leaders in the intergenerational movement.

It doesn't make sense to duplicate the existing structure for volunteer service programs, including those for older Americans, that already exists under ACTION, as authorized by the Domestic Volunteer Service Act. ACTION's headquarters office is complemented by a network of regional and state offices, in addition to the thousands of volunteer programs across the country supported by Federal dollars through ACTION.

We hope you will take our concerns into consideration as you mark up the Older Americans Act amendments. If amendments involving volunteers are offered in Committee or on the floor, they should be to the Domestic Volunteer Service Act, or at least provide for interagency agreements between the Administration on Aging and ACTION so that ACTION can be the lead agency in carrying out these programs.

So that you will know more about the National Association of RSVP Directors, I am enclosing a fact sheet for your information.

Many thanks for your consideration of our views.

Sincerely,

Winifred Dowling

Winifred Dowling, President
National Association of RSVP Directors
2 Civic Center Plaza
El Paso, TX 79999

WD/mlm

Enclosure

cc: Fran Butler, Washington Representative
11481 Bingham Terrace
Reston, VA 22091

National Association of
Retired Senior Volunteer Program
Directors, Inc.

HISTORY

The National Association of RSVP Directors, Inc. was created in 1976 in Chicago, Illinois, at a meeting of interested RSVP Directors from across the country. Officers were elected and were charged with developing by-laws and operating practices. The organization is incorporated in the State of Indiana and has applied for 501(c) (3) status.

PURPOSE

The purpose of NARSVPD, Inc. is to provide visibility and advocacy for RSVP; a network of communications among RSVP Directors and projects; a vehicle for expression of majority opinion on behalf of RSVP and older Americans to ACTION, the Administration on Aging, Congress, and other appropriate governmental and national units.

STRUCTURE

Active membership is open to all RSVP Directors. Active members have voting privileges. Associate membership is available to other RSVP project staff and to all other interested persons or groups.

NARSVPD, INC. is operated through a Board of Directors. The Board of Directors is composed of nationally elected officers (President, Vice President, Secretary, Treasurer) and nine Regional Representatives. The Board of Directors meets twice a year. The fall meeting is held in Washington, D.C. and the spring meeting is held in conjunction with the Annual Meeting.

NATIONAL AGENDA

PROFESSIONAL DEVELOPMENT OF RSVP Directors through workshops and training programs of technical assistance.

RESOURCE DEVELOPMENT through networking with both the private sector and public agencies.

ADVOCACY for older Americans as a national resource.

COMMUNICATION on issues and ideas relevant to RSVP.

REPRESENTATION for those served by RSVP, speaking on their behalf before national government bodies.

MANAGEMENT of RSVP: to aid in RSVP project management through the development of surveys and data bases.

FOR MORE INFORMATION, CONTACT:

Winifred Dowling, President
2 Civic Center Plaza
El Paso, Texas 79999
(915) 541-4374

Frances F. Butler, Washington Representative
11481 Bingham Terrace
Reston, Virginia 22091
(703) 860-9570

Senator MATSUNAGA. Ms. Smith, would a program like that outlined in S. 1189 be likely to draw volunteers away from organizations like the American Red Cross?

Ms. SMITH. No, I really do not think it would. I think the pool of volunteers out there is absolutely tremendous, and there is room for everyone to draw upon it. And usually what happens is that volunteers beget other volunteers. So that any successful volunteer program in a community benefits all the other volunteer programs in that community.

Senator MATSUNAGA. I note your opposition to S. 1189 as presented. Would the American Red Cross support such a proposal if the credits could be accrued by the organization, such as the American Red Cross, for redistribution to individuals of its choice?

Ms. SMITH. I think that S. 1189's basic principle of quid pro quo is something which the Red Cross would not really want to involve itself with. I do want to just mention, because my colleague here mentioned, as an example the Peace Corps, where there actually is remuneration, a stipend. This is not truly a quid pro quo in the sense that the service rendered is of infinitely greater value than the stipend received. It is just a means of making it possible for people of limited means to volunteer, which is something the Red Cross is in favor of.

It is the one-for-one quid pro quo situation that is bothersome to us because it creates a question of entitlement and it creates the problem of what happens when the program defaults, perhaps, and there are still volunteers with credits to be cashed in. It is the accounting and the quid pro quo that are the bothersome issues.

So I do not think the Red Cross as a national organization would avail itself of that sort of volunteer hours.

But I would like to say that our chapters are very independent entities, and so they would be perfectly free in individual communities to participate in programs even if the national organization has come out publicly as I did today, not in favor.

Senator MATSUNAGA. Thank you very much.

Ms. Dowling, do you know about how many service credit demonstration projects there are operating in conjunction with RSVP programs at the present time?

Ms. DOWLING. All told, I believe there are four or five RSVP projects in Missouri working with volunteers service credits, and there are eight other cities around the country that I know of that are experimenting in one way or another.

Senator MATSUNAGA. Is it your feeling that we need to fund additional projects at this time, or should we wait to evaluate the projects that are currently being conducted?

Ms. DOWLING. I think it would probably be wise to wait. As I said before, we feel very strongly that if there is Federal money, that it ought to be under the Domestic Volunteer Service Act. That is coming up for reauthorization next year, and that might be a very appropriate time to look at that again and see if it is a good idea.

Senator MATSUNAGA. Well, thank you very much, Ms. Smith and Ms. Dowling, for taking time out of your busy day to be with us today and coming all the way from Texas.

Ms. DOWLING. Thank you.

Senator MATSUNAGA. Our next panel of witnesses consists of Dr. Edgar S. Cahn, Southeast Florida Center on Aging, Florida International University, North Miami, Florida; Ms. Lumarie Polivka-West, of the Aging and Adult Service Program Office, State of Florida, Tallahassee, Florida; Ms. Joanne Polowy, Division of Aging, Missouri Department of Social Services, Jefferson City, Missouri, and Ms. Charlotte Heard, Area Agency on Aging, Oklahoma City, Oklahoma.

We would be happy to hear from you first, Dr. Cahn.

STATEMENTS OF DR. EDGAR S. CAHN, SOUTHEAST FLORIDA CENTER ON AGING, FLORIDA INTERNATIONAL UNIVERSITY, NORTH MIAMI, FL; LUMARIE POLIVKA-WEST, AGING AND ADULT SERVICES PROGRAM OFFICE, STATE OF FLORIDA, TALLAHASSEE, FL; JOANNE POLOWY, DIVISION OF AGING, MISSOURI DEPARTMENT OF SOCIAL SERVICES, JEFFERSON CITY, MO, AND CHARLOTTE HEARD, AREA AGENCY ON AGING, OKLAHOMA CITY, OK

Dr. CAHN. Thank you, Senator, for conducting these hearings; for giving this opportunity a chance to surface and get some exposure and get some questions answered.

The premise underlying service credits is that the wealth of the society is not in dollars, it is in the time of its people, and that we must find ways to mobilize that ultimate wealth to help deal with our problems. It is clear that we do not see in either the public or private sector the dollars in sight to address the range of social problems.

Service credits represents a new attempt to combine two systems of mobilizing time. There is the voluntary system, where people give of whatever impulse drives them to give. There is a market system that rewards people for giving. This is clearly a hybrid, and it attempts to combine the two and to present a new public policy option.

We know that on a limited basis, this is working. It is working in communities on a scale of 200 and 300. It is generating hours. It is serving people.

In the city where I live now, Miami, it is drawing together in a collaborative spirit black, Cuban, Jewish, and poor white to enlarge the pie, rather than being pitted against each other as they conventionally are to divide up a limited pie, with the result that there have been some extraordinary collaborative efforts, and the program down there is moving together in ways that have produced organizational collaboration and person-to-person collaboration across racial lines that is unusual.

We know, too, that it is possible to put together and assemble a computer program that can take care of the bookkeeping cheaply and inexpensively and can manage the whole information system that is necessary. We know it because we have done it, because Southeast Community Hospital here in Washington, DC, working on a program pioneered by the AARP and putting together some of the finest computer experts in the country, have put that together, and that is being made available to each of the Robert Wood Johnson Foundation grantees; it is also being made available to the

Oklahoma City program. I say this because in one capacity, I am the senior consultant to the Robert Wood Johnson Foundation. In another, I am also the project director for the VISTA program, and I serve in a number of technical assistance capacities.

I want to say that this is not going to involve a bureaucracy, and that we know already. There is a question that we do not know the answer to, and when you asked are more funds needed, I would say we need desperately not to let the opportunity go by to answer one key question. That is the question of scale. We know this can work on a scale of 300 to 400. We know that in the neighborhood it can generate 500, 1,000, or several thousand hours of volunteer time and that it can deliver services in a way that volunteers normally do not. It has not been a conventional role of volunteers to go into people's homes to provide them with service.

Volunteers have tended traditionally to work in institutional settings, in school settings, in hospital settings, where they have the collegiality of the workplace and all kinds of rewards. This is an attempt to use an incentive to get people to do something that they would not do otherwise and that you normally cannot mobilize volunteers to do, and therefore it is an incentive needed to expand the volunteer effort at a time when the volunteer pool is itself potentially shrinking because of the major entry of women into the workplace, the women's rights movement, and the advent of the two-paycheck family. So that organizations report increasing trouble mobilizing and retaining volunteers, and they view this as an incentive that will enable them to do so.

We do not know the answer to the question of scale, whether one can move from the 300 and 400 volunteer level to the 1,000 and 2,000 level, whether one can blanket a metropolitan area or a city or a community or a state as in the case of Missouri, so that one has a real, authentic new social public policy option. And the reason we do not know that is because all of the programs were funded in response to an RFP that asked them to target for about 400 participants.

In Miami we are augmented by ten VISTA volunteers, and RSVP has agreed to pick up and is picking up the insurance costs for all the volunteers over 60—we have many over 60, but we have mostly over 60—and that is enabling us to begin to address the question of whether one can work simultaneously in four or five neighborhoods, have full faith and credit, so to speak, amongst neighborhoods in an area so that a child working across town can transfer credits to a parent or grandparent over on the other side of town, and they can get the service from another organization.

We need answers to the questions of scale, I think, if Congress is going to say this is worth looking into as a new policy option. And I would hate to see this 3-year experiment and $1.2 million that has been invested be expended and exhausted without us having an answer to that question.

The other two questions I would like to respond to—and if I may, I will just submit the written testimony—many of the specific questions have been answered, I should say, by community organizations, hammering out the answers in a policy and procedure manual which I would like to submit for the record. Other theoretical questions and practical ones have been answered in a mono-

graph that I did for the Ford and Rockefeller Foundations, based on 6 months of theoretical work I did at the London School of Economics that deal with some of the theoretical issues, and I would like, if I may, to submit those for the record, sir.

Senator MATSUNAGA. Without objection, your statement will appear in the record in full, and your submissions will be accepted as well.

Dr. CAHN. Thank you.

If I may, I would like to address two considerations that have arisen in the testimony. One is the one of equity or ethics, and the other deals with the use of incentives.

At the London School of Economics, this question got raised in terms of contributory versus noncontributory schemes; insurance that you pay premiums to versus a welfare state system that attempted to deal on the basis of need. The contributory system was viewed as exclusionary because persons who had never had access to it, who were not employed in the labor market, could not contribute, had never had the opportunity to contribute. And the question was what are the ethics of that.

We have resolved the ethical issues in the following way. A contributory scheme that permits anybody with time to give and a desire to give is not exclusionary. It says if you can give, you in effect can be part of a contributory scheme.

Senior citizens tell me that this society sends them one message—and I get this from the Gray Panthers and others—they say the message that society gives to them is: Your job is to die as quietly and cheaply as possible and to drain as few of the resources of this society. They say this is a statement to them that says you have something important to give to help this society deal with its problems; we value your time, we value your labor, we value your insight.

In Miami we will be opening a preschool daycare program where senior citizens earn service credits taking care of preschool children, helping to deal with those needs, while the parents become part of a drivers' pool evenings and weekends in an intergenerational exchange program.

So I do not want this to be an age segregation program. I want this to be cross-generational. I want it to build ties amongst and across generations, between neighborhoods and amongst groups. That is the way we are doing it in Miami. That is the way I think other communities are reaching to do it.

So on the issue of equity, I think we are saying anybody can give, and even the bedridden can give by being part of the telephone assurance quality control program. Normally, we will not award service credits for talking to somebody on the phone. But if you are bedridden, in the Miami program you can, by being part of the quality control—are you satisfied with the service; did somebody come, do you have additional needs? And that way, anybody can contribute.

We think that that is part not only of dignity and self-sufficiency; we think people have a need to give, and to stifle that need is in fact to stifle one of the most important human impulses.

With respect to the use of incentives, this does attempt to combine in an unique way the extrinsic awards of pay for the intrinsic

awards of service. I do not see anything wrong with attempting to mobilize market forces and quasi-market forces to attempt to deal with market imperfections. We are talking about a group of people or groups of people who, for one reason or another, this society declares surplus, and England formally designates as "redundant". I think this society cannot afford to designate people as "surplus" and "redundant," and I think there is nothing wrong with trying to utilize time, the ultimate resource of a society, and say to a person: There is a market for your labor as long as you are prepared to contribute by helping others, because there will always be that need. I see nothing morally deficient with that.

Senator MATSUNAGA. Thank you very much, Dr. Cahn.

[The prepared statement of Dr. Cahn, with an attachment, follows:]

STATEMENT OF

DR. EDGAR S. CAHN

Exactly one month ago to this day -- on October 12 at noon -- about two dozen people met at the Bay Vista campus of Florida International University in Miami, Florida. At that particular moment, tropical storm Floyd was gain strength, was on the verge of becoming a hurricane -- and was bearing down on Miami. Forecasters who earlier had talked about a ten percent chance of its hitting Miami were revising their estimate upward with each passing hour.

The group continued meeting. When FIU closed down, the group reconvened a mile away -- and kept meeting late into the night.

There was never any doubt that the meeting would go on. It had to. Because the people in that room felt that they had a secret. They knew with certainty that despite budget cuts and deficits, the world did not have to remain the same. They believed that a different kind of world was possible

-- a world where caring for others does not have to be continually at such total odds with self-interest
-- a world where people are not discarded, relegated to the scrap heap involuntarily and then blamed for being a drain on the economy
-- a world where there will always be a market for one's time because there will always be others who need help
-- a world where strangers can come together to help each other and in doing so, become neighbors and more than neighbors, friends
-- a world where a renewed sense of family and community can help buffer the inevitable blows of change and migration and even, progress.

Most of the people had never met each other before. But all in that room shared the belief that they knew how to create such a world or at least, how to take the first concrete steps toward bringing it into existence. Their secret was service credits -- a new medium of exchange, a new kind of money that can convert presently unutilized personal time into a marketable asset that can generate real purchasing power.

The premise underlying service credits is simple: the real wealth of a society is its people and the time they are prepared to devote meeting their needs by meeting the needs of others. If time is the ultimate resource, then the question becomes how to mobilize it. Service credits represent an answer that combines altruism with self-interest. It is a hybrid. It uses market-like incentives: volunteers are paid for their time. But it also draws upon charitable impulses: the impulse to give, the need to be needed. It combines the extrinsic reward of "pay" with the intrinsic rewards of task satisfaction and self-esteem.

Kathleen Teltsch's front page article in the New York Times captured the essence of the program:

"Seventy-year-old Ella Amaker and 73-year old Leona Downs need each other.

"Mrs. Amaker, a retired government worker, does household chores for Mrs. Downs, who can move about only by leaning on a walker. Mrs. Downs, a widow who says she is allergic to nursing homes, is able to drive a car and proudly says she 'helps a lot of folks worse off than I am.' Her battered eight-year old sedan is available when Mrs. Amaker has to make a trip to the doctor.

> "Neither woman pays the other for her help. Both are participants in a program, the Service Credit Volunteer System, that lets the elderly 'purchase' needed assistance by exchanging services."
> (N.Y. Times, February 23, 1987, p. 1)

I have met Ella Amaker. She is justly proud of how important she is in the lives of many people who will never help her directly. And she spends her credits getting help in changing a lightbulb she can't reach or carrying clothes down to the laundry room in the basement. She doesn't need to rely on two-party barter exchanges -- because service credits operate as a form of appropriate technology to facilitate neighbors helping neighbors.

As a matter of social policy, service credits represent a new and qualitatively different form of intervention. Historically, private response to social problems has been largely limited to voluntarism and to charity. Governmental response to market failure has been largely confined to three modes: (a) regulation, (b) subsidy (of either the producer or consumer), or (c) creation of some form of public utility/monopoly. Service credits represent a fundamentally different response, an attempt to combine public and private sectors, to mobilize charitable impulses and market forces in order to remedy market failure and in order to further the public interest.

All of this has just become possible because of the computer revolution. Without the advent of inexpensive computer power and memory storage, service credits would not have been economically feasible. Now, however, we can match people and needs on a scale, with a speed, and at a cost never before possible. Information age technology enables us to combine the individuality of pre-industrial barter systems with the efficiency of the market place.

And it enables us to overcome some of the deficiencies which have historically plagued both barter systems and voluntarism.

There are three propositions I want to put to you today.

First, service credits have passed the first test of feasibility.

Second, the most critical issue is one of scale. None of the pilot projects as funded will resolve that issue.

Third, service credit experiments make some people uneasy. As a concept it defies conventional categories. It is easy to ask questions that are still unanswered. It can be made to fail by inadequate staffing or by calling for unrealistic results prematurely. Service credit experiments need additional resources. Because the strategy is perceived as threatening by some, it will need protection during this initial stage.

Fourth, service credits should not be a government-managed program -- but there is a critical and constructive role for government to play.

Fifth, there is an urgent need to accelerate the developing and testing of this concept. We do not have time to spare or time to waste in exploring the potential application of this concept. A wait-and-see attitude will not do.

Proposition I. Service Credits have passed an initial feasibility test. Even now, we know that some people who were not engaged in volunteer activities are sufficiently attracted by the concept that they are now giving service. We know that service credits has attraction even in those communities where the word "volunteer " is regarded negatively. In certain segments of the Black community, the term "volunteer" is equated with "a white, upper middle class lady." Within the Cuban community, the term "volunteer" is a euphemism for being required to make a coerced, uncompensated contribution. Experience to date indicates that the concept of "service credits" circumvents those problems. And in Miami, I can tell you from first hand experience, that it has been possible to build relationships of trust and collaboration between the Cuban and Black communities who before had been pitted against each other in competition for scarce resources. We know other things too: that people are receiving services who would not otherwise have received them and that people are doing tasks for service credits which they would have considered personally demeaning if they were asked to do them as a job at the prevailing wage. We know that it is possible to operate service credits without a vast administrative bureaucracy. We know it is possible to develop a computer program sufficiently powerful, user friendly and inexpensive to make available throughout a community. We know because we have done it. And we know that the initial investment in developing procedures and forms and training programs is manageable -- because it has been done. Service credits have survived the initial threshold test of feasibility. Programs are now up and operating in seven metropolitan communities and one state in the United States and in one district in Tokyo. And the service credit strategy is now undergoing serious consideration in England, Denmark, Germany and Israel.

Proposition II. The most critical issue is one of scale: Can the program be operated on a scale that involves not hundreds but thousands? I am not talking about some huge anonymous army of thousands of volunteers. That would destroy the whole concept. Small, multiplied many times, becomes Great. Just because the problems are vast, the solutions do not have to be impersonal. But they do have to attain some critical mass. The Robert Wood Johnson Request for Proposals only requires applicants to reach a target of 400 participants including both service providers and recipients. Every grantee will reach and probably surpass that goal readily. But that will not answer the question which we need to answer for purposes of public policy: can service credits meet the needs of much larger numbers? The grants were not designed to answer that question. And neither the funds nor the staffing is sufficient to enable them to address that issue. Frankly, I do not want to wait three years before trying to get answers to the question of scale. Additional resources, supplementing the core funding provided by the Robert Wood Johnson Foundation, would in my opinion be a wise public investment. I am happy to say that ACTION has provided ten VISTA slots to the Miami program and RSVP has agreed to cover the cost of volunteer insurance. But even with those, the programs lack funds for relatively small but critical needs: additional computer terminals for grass roots organizations, transportation money, a part-time data entry clerk, brochures, badges and pins, a public information campaign, artwork and graphics, bilingual materials and trainers, and as the program grows, additional supervisory staff.

Proposition III. Service credits clearly make some people uneasy. No one is willing to come out and attack it outright -- because who can be against people helping people? But you can expect to hear all kinds of questions that sound innocent and well meaning but may not be. The attacks usually take the form of raising legitimate questions and demanding answers or proof prematurely. So far, there are at least potential answers to every questions but many of the answers cannot be proven and it is still too early to know which of a variety of solutions will work. Let me share with you a sample of

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but many of the answers cannot be proven and it is still too early to know which of a variety of solutions will work. Let me share with you a sample of the objections and the issues:

Service credit volunteers are not "true" volunteers; they earn credits.
Service credits should be taxed as income.
Service credit volunteers are unqualified.
Service credits have to be guaranteed to be worth anything.
What will you do with the Senior Companions Program or the Foster Grandparents program where people receive stipends to do similar tasks?
Won't this take jobs away from persons seeking entry level jobs?
Won't this be used as an excuse to deny additional funds for desperately needed services?

Proposition IV. Service credits should not be a government-managed program -- but there is a critical and constructive role for government to play.

You have already received a report on the State of Florida's experience with trying to run a service credit program. I have included, as an attachment, an extensive description and analysis of that experience as part of a longer monograph on service credits prepared for the Ford and Rockefeller Foundations. It suffices to say here that the program never really got a chance to become operational in Florida; it became bogged down in bureaucratic regulations designed to address every conceivable uncertainty or risk. As a result, the first and only pilot under the law was finally authorized on June 23, 1986 with a termination date of June 30, 1986. In my opinion, several causes at work. First, the state perceived itself to be at risk because of the "guarantee" it was required to provide for the integrity of service credits. The state perceived itself to be facing a possible contingent liability of unknown dimensions to guarantee the credits -- even though there were numerous ways that could have been avoided. (The official evaluation is highly constructive in offering one such alternative.)

Second, service credits attempt to mobilize the market forces of supply and demand in order to meet a public purpose. The responsible agency was responsible for managing a vast social service delivery system. The role that it was called upon to play however was to stimulate experimentation, stimulate demand and provide a guarantee for a new currency. In certain respects, this is closer to the role government plays in stimulating medical and scientific discoveries; in other respects, it is closer to the role government plays in overseeing the monetary system. The Federal Reserve determines how much currency the system needs; the Federal Deposit Insurance Corporation insures and guarantees bank deposits. Such functions are basically alien to a social service agency. I would not entrust "managing" the private sector to a social service agency. And I suspect that the orientation necessary to manage a social service system may be quite different from (if not incompatible with) the orientation necessary to maintain, stimulate, regulate and underwrite a healthy market system.

Yet, governmental involvement can be of critical importance in at least four respects: (1) in securing and maintaining a tax-exempt status for service credits; (2) in providing funds (or equivalent resources to promote

experimentation; (3) in giving enhanced credibility and legitimacy to a new approach which people must trust in order for it to work; and (4) underwriting a guarantee in a way that increases the confidence with which people are willing to "risk" their time in order to earn credits for use in the future.

There is two particular actions which the federal government could take which would be of enormous value.

First, the problem of long term funding for core staff and expenses could be solved by testing a "walkathon" strategy which paid fifty cents per hour of service delivered to the grass roots organizations operating the program. That would motivate both the volunteer and the organization. If the federal government offered to put up twenty-five cents as a challenge grant to state government, local government, or the United Way, it would doubtless generate the match, and generate an enormous increase in service. It could be done experimentally with a ceiling placed on the amount any one organization could earn and a ceiling on the total expenditure. If the federal government found it could buy an hour of delivered service for twenty-five cents, there would be no question of long term funding. And if grass roots organizations could generate unrestricted income by mobilizing volunteers, I suspect we would witness a mobilization of unprecedented dimensions.

Second, the service credit strategy is manifestly applicable to day care for pre-school children as well as to a host of other social problems. And the greater the variety of services one can purchase with service credits, the more valuable they become. If the federal government were to foster, promote, encourage or stimulate experiments to test the applicability of service credits to other social problems, and if it were to give priority to intergenerational exchanges, we would learn a great deal very quickly about the potential contribution which service credits might make.

And this brings me to my last point.

Proposition V. There is an urgent need to act. We do not have time to spare or time to waste in exploring the potential application of this concept. I can appreciate why it sounds prudent to wait on the results of these first programs. But a wait-and-see attitude will not do. Group after group in this society calls out for help -- and the dollars simply are not there. What leeway we do have in this society can disappear if the economy falters, if international competition or the balance of trade or automation increases unemployment sharply, or if combinations of immigration and internal migration undermines the stability of communities or the viability of the family structure.

There is opportunity now to develop additional service credit programs which piggy back on the present $1.2 million investment. Every service credit program that provides home care for senior citizens could be expanded and complemented. With an adult day care program. With a child day care program. With a program that would enable high school and college students to earn tuition credits or qualify for special low interest loans by earning service credits helping the elderly.

To paraphrase from the Wisdom of the Fathers, it is not necessary that one complete everything; but it is necessary that one not desist from doing whatever one can.

The hour is late. The need is urgent. The time is now.

Attachment A. The Guarantee

Discussions about the guarantee in fact combine and confuse a number of different issues:

1. How does a program make sure it can honor the "five-day" guarantee. (That guarantee is a promise that within five business days after the day when a credit is presented for redemption, service will be provided.)

2. What happens if one participating agency fails to honor the five day guarantee? What are the responsibilities of the other participating agencies?

3. What happens if the program ends -- and there is a large outstanding balance of unredeemed credits?

4. Will the outstanding "liability" represented by the number of earned-but-unspent credits be manageable? How can it be kept manageable?

5. If the government (at state or federal level) becomes involved, what might be its appropriate role, responsibilities and liabilities vis-a-vis a guarantee (as distinguished from those of private parties?)

1. How does a program make sure it can honor the "five-day" guarantee. (That guarantee is a promise that within five business days after the day when a credit is presented for redemption, service will be provided.)

Each participating agency is required to develop a "contingency plan" for dealing with the unexpected -- and each agency is also required to meet certain "reserve requirements" in order to insure it has the capacity to honor a credit within five (5) days following the day it is presented for redemption. Miami's Policy and Procedure Manual sets forth what those obligations mean as follows:

> "It shall be the sponsor's responsibility to develop a cadre of persons available 'on call' to deal with emergency situations. The centralized computer system will contain a pool of volunteers (compiled from all consortium members) available for such emergencies as well as volunteers available for any particular day. That centralized pool will enhance the capacity of each member to deal with contingencies and emergencies.
>
> "Each sponsor shall be required to maintain an adequate reserve in cash or in kind in order to be able to have the capacity to honor the guarantee...[T]he initial reserve requirement will be set at 10% of the projected monthly usage rate but will be subject to adjustment up or down based on a quarterly experience review. [The reserve requirement may be met by pledges of time] provided by staff, VISTA volunteers, service credit volunteers, other volunteers, commercial service providers, trained college students, etc."

As a practical matter, programs are developing reserves by the following methods:

a. requiring a commitment from each service credit volunteer of availability for up to one emergency per month (on 24 hours notice);

b. using personnel incentives to get staff to sign up to participate in a "volunteer reserve". The incentives used include preference in selecting when annual vacations are taken, amount of sick leave or leave time that can be carried over at the end of a fiscal year, priority status for training sessions or professional conferences.

c. negotiating commitments from commercial homemaker services with whom the sponsor has contracts to commit one free hour of emergency service in return for every ten hours of service provided under the contract. If such commercial contracts are open to competitive bidding, then points will be awarded for bidders willing to make such a commitment as part of the overall rating system for competitive bids.

As to liability if a volunteer fails to show or shows late, all participants are provided with a Handbook of Rights and Responsibilities which includes the following section:

Limitations of the Service Credit Program

"This program has been undertaken as a three year pilot program to run, at a minimum, through 1990. All participating agencies are committed to making the program a permanent program, but cannot guarantee permanence at this time. At present, service credits have no expiration date and are intended to be good for the foreseeable future. This is subject to change, but no change will take place without a minimum of six (6) months advance notice to all holders of Service Credits. If a change is necessary, the Consortium will make adequate provision so that credits earned can be used.

"The agency with which a volunteer serves has primary responsibility and exclusive legal liability for guaranteeing that all credits earned are honored. This guarantee is backed by a good faith pledge by the entire Consortium to see to it that all credits are honored.

"Liability for failure to provide a service as guaranteed is limited to an in-kind obligation to supply that service. A signed statement of understanding shall be kept on file as evidence of notice and understanding that participation in the program as either a provider or consumer is conditioned upon and constitutes waive of any consequential damages that might arguably stem from the program. "Waiver of Consequential damages" means that if something goes wrong and the program does not deliver what it promised, the volunteer has a right to sue the program to get it to live up to its promises, but cannot sue for all the bad things that happened to him/her that might not have happened if the program had lived up to its commitments on time. These are called consequential damages and are waived.

"Service Credits have no cash value and are not redeemable for cash or credit. They may only be used for exchange transactions within the Service Credit System."

All service credit volunteers go through eight hours of training -- which includes a session expressly devoted to Rights and Responsibilities with specific attention to the issue of limitations on liability. All service providers and recipients are required to sign a form stating that they have been given an explanation of their rights and responsibilities including the limitation on liability, that they understand their rights and responsibilities and expressly consent to them as a requirement of participation in the Service Credit Program.

2. What happens if one participating agency fails to honor the five day guarantee? What are the responsibilities of the other participating agencies?

In each metropolitan area, there is a Lead Agency with overall responsibility for insuring the effective implementation of the program. In Miami, the Lead Agency has both responsibility and authority to convene all the other participating agencies to take action - and is also charged with setting up a consortium-wide volunteer pool to deal with such situations. The Lead Agency can draw upon that pool or give appropriate notice to other participating agencies that their reserves will be needed. There are specified arbitration and dispute settlement procedures. Moreover, because the Lead Agency is technically the Grantee of the Robert Wood Johnson grant, it is expressly empowered to condition future disbursements of funds to any participating agency on good faith compliance with obligations set forth in the program's policy and procedure manual.

Liability for failure to provide a service as guaranteed is limited to an in-kind obligation to supply that service. The agency with which a volunteer serves has primary responsibility and exclusive legal liability for guaranteeing that all credits earned are honored. This guarantee is backed by a good faith pledge by the entire Consortium to see to it that all credits are honored.

3. What happens if the program ends -- and there is a large outstanding balance of unredeemed credits?

At present the Consortium only represents that all service credits earned will have a guaranteed lifetime of one year past the termination of the Robert Wood Johnson funded program. All participants make a "best efforts" commitment to continue the service credit program past the termination of that grant and hopefully, indefinitely.

In the event that the Consortium is not able to continue the program, a variety of options are available:

a. Setting an expiration date (ie. persons must either use their credits or give their credits to some person or organization which can make use of them within one year following the official termination of the program. Volunteers, staff, college students, Senior Companions and others not earning service credits will supply much of the service needed to redeem credits following the program's termination.

b. Special "cash-in" arrangements will be developed that entitle service credit holders to alternative services, to entertainment or even to lottery tickets for special prizes contributed as charitable contributions.

c. Additional possibilities emerge in the event there is government involvement in the form of preferential access to certain services or some other form of minimal guarantee. (See **Question 5 below.**)

4. Will the outstanding "liability" represented by the number of earned-but-unspent credits be manageable? How can it be kept manageable?

Actuarial projections reveal that the program will have NO problem handling redemption of outstanding credits so long as the program continues to recruit new volunteers at a reasonably steady rate. In this sense, it resembles the Social Security System with the obligation outstanding to each "generation" of volunteers being carried in part by successor generations. Use of the credits increases with age -- but when one factors in the mortality rate, far fewer persons are in the age brackets that need to make heavy use of the credits.

In addition, there are a variety of ways to reduce the aggregate outstanding deficit and to reduce the rate at which outstanding credits are redeemed.

a. Reducing the Aggregate Deficit:

i. Promote early expenditure by transfer to a person needing help now
by transfer to a church, etc. for use now
by offering attractive current services (e.g. trips, home repair) of use now

ii. Secure IOU's from relatives, friends, and membership organizations as "accounts receivable" to balance outstanding obligations

iii. Secure outright gifts of service or funds (e.g. from high school projects, fraternal organizations)

iv. Taxation -- in the form of an annual membership dues to be paid in service credits.

b. Controlling the Rate of Expenditure

Limits can be set on the number of credits that can be spent by one party in one week or month. The volume of credits being cashed in can thus be reduced to more manageable proportions.

Target recruitment or offer special service credit insurance options for younger volunteers more likely to defer expenditure.

c. Expand the range of services to prevent a "run on the bank" for a specific service.

expand services to include educational courses where the "tuition" charged in service credits per pupil will be far greater than the cost (in service credits) paid to the instructor

expand services to include intergenerational exchanges which will prevent the build-up of long term obligations

offer "health care" insurance where the "premiums" entitle one to a specific volume of services -- but the premiums have to be paid each year to keep the policy active

d. Sunset service credits. Limit the amount of carryover after five years or ten; alternatively "devalue" some or all credits if not spent after five years or limit the amount that can be carried over for a specific purpose so that it can be used as a "bridge" to government provided services where there is a waiting list (See answer to **Question 5 below**)

5. If the government (at state or federal level) becomes involved, what might be its appropriate role, responsibilities and liabilities vis-a-vis a guarantee (as distinguished from those of private parties?)

Like the FDIC, the government can limit any guarantee it offers in terms of number of hours or number of days of service.

If it chooses to provide a guarantee, the government can do so for such limited purposes only as it sees fit (e.g. where the provision of in-home services would enable the primary caregiver to continue to discharge his or her functions more effectively or where the likelihood of the person being forced into a nursing home would be substantially reduced). Or, the government may act as a "reinsurer" -- carrying responsibility (after a "deductible") for all credits or up to some fixed maximum or for a percent of unexpended service credits.

The government need not commit itself to providing exactly the services which the volunteer provided or exactly the services which the volunteer desires. As in Missouri, it can limit the guarantee to advance a specific public policy objective.

The evaluation conducted by the State of Florida recommended that the governmental guarantee take the form of "preferential access" to governmental services -- but not an absolute preference. The preference was to be only between applicants of "equal need". Given two persons needing a service equally, the government could undertake to give a priority to persons who had contributed a specified volume of service over a specified time. (See Testimony of Dr. Edgar S. Cahn, Attachment A -- The State of Florida and Service Credits: A Description and Analysis, pages g-h)

ATTACHMENT A

THE STATE OF FLORIDA AND SERVICE CREDITS:

A DESCRIPTION AND ANALYSIS

Excerpted From

THE TIME DOLLAR

A Report To

The Rockefeller and Ford

Foundations

By

Dr. Edgar S. Cahn

Florida's experience in implementing service credit legislation is particularly instructive -- because virtually every problem that might arise did.

Grass roots community groups were always conceived as the heart of the program; In Florida, the state decided that service credits was basically to be one more state operated social service program. Some of the problems flowed from limitations in the statute but most flowed from the administrative decision to make this a state run and operated program. The issues that arose included:

a. Service Credit Volunteers would have to be finger printed and screened even if they were volunteering with private agencies (This was later rescinded);
b. Service Credit Volunteers volunteering with private agencies would have to be covered by Worker's Compensation as well as by that agency's volunteer insurance. All the private non-profit agencies insured their volunteers -- many through a policy developed for RSVP volunteers. But securing Worker's Compensation for volunteers created insurmountable difficulties. The Division of Aging and Adult asserted that this requirement was mandated by the statute; others including officials who authored the legislation and those charged with administering the Worker's Compensation requirement asserted that this was not the intent of the law, would frustrate the purpose of the law, and either did not apply or could be readily circumvented. But the requirement remained.
c. Service Credit Volunteers could not "spend" their credits without undergoing the systematic needs assessment procedure used by state social workers in determining access to state funded services. Subsequently, the state receded and authorized private groups to make their own determination of need.
d. Service credits are "guaranteed" by the legislation. But while the legislation had no expiration date, the accompanying appropriation was only for one year. The state took the position therefore that the state's guarantee was only good for one year.
e. Initially the state insisted that the computerized bookkeeping system would be incorporated as part of its massive Medicare Information System. That system was known to be hopelessly inadequate. Subsequently, the state used part of the appropriation for service credits to fund one of its District offices to develop a computerized system for service credits; the system developed was designed so that it could only operate on the Department's Burroughs computers; no community agency uses a Burroughs computer.
f. The statute made no provision for an advisory group; one was convened and then disbanded on grounds that the state could not legally pay for the expenses not expressly authorized by law. The program was effectively stripped of advocacy or outside guidance.
g. The only portion of the service credit program which the state was required to implement were programs involving persons over 60. Under that portion of the statute, persons under 60 could not earn service credits and persons over 60 who earned credits could not use those credits for anyone but themselves and their spouses. A 60 year old daughter could not transfer the credits for use by an elderly parent -- or for the benefit of fellow members of a congregation or community group.

In drafting the statute, it was intended that such limitations would be circumvented by initiating program under another section of the statute which called for experimental uses of service credits. But the state denied that it had authority to implement that section of the statute or even to recognize such programs unless funds were expressly authorized to fund such programs.

h. The statute expressly contemplated and encouraged experimental applications of the service credit concept and provided that community groups receiving funds to conduct such experiments would be subject to state reporting requirements. Since no state funds were authorized for such experiments, the state took the position that it could not accord such experiments any form of recognition under the act.

Virtually all the concerns of the state were attributed to anxiety over the consequences of the statutory guarantee. While the state of Missouri had simply authorized the expenditure of state funds to insure that service credits would be honored, Florida's legislation sought to avoid any such direct fiscal commitment. The act specified that in the event that no volunteer was available to honor a person's service credit when it was spent, the state would guarantee the integrity of the credits by developing and implementing a contingency plan using its own funded programs and personnel. That raised numerous questions:

Did those who earned service credits have a right to "bump" those on the waiting list for state funded services.
Did each service credit earned create a contingent liability for the state that could eventually give rise to a vast budgetary deficit?
How long did the guarantee last? For a year, ten years, fifty years?

It represented a major achievement to get the state to acknowledge that it had the inherent power to contract with private non-profit community agencies to operate pilot programs. But delays and complications effectively negated that achievement. The law was enacted in May 1985 to take effect on October 1, 1985. Despite the lead time available, no state coordinator was hired until November. It took till February to convene the first and only meeting of the advisory committee. The state refused to deal with a local Miami-based consortium of groups and instead insisted on selecting one of the members of that consortium for the first pilot. The group selected rejected the designation by the state, honoring its commitment to the consortium to permit another group which was equipped for immediate implementation to go first. Negotiations around fingerprinting the elderly and surrendering insurance coverage in order to secure Worker's Compensation coverage coupled with disputes over the size and duration of the program took more time. A letter of agreement was not signed with the private. non-profit organization on June 22, 1986 for a pilot program to end on June 30, 1986. Regulations for implementing the law were not promulgated until September 18, 1986, two and one-half months after the state asserted that its authority to implement the law had expired.

The Department did not request funds to continue administration of the program so that, while the law remains on the books, the department asserts it is precluded from implementing Florida's service credit legislation for lack of a specific appropriation. This prompted the Miami-based consortium to proceed to develop a wholly private service credit program including a private guarantee for service credits.

Two obvious questions arise: Is government involvement either necessary or desirable? If so, what form should such involvement take?

In Missouri, the state's involvement was limited to establishing the requirements necessary for local community groups to participate, entering into a letter of understanding, providing technical assistance, guaranteeing the credits, and providing a computerized bookkeeping system to record the earning and expenditure of credits. But after initial expectations were raised, constant changes in personnel (four state directors in the first year and one-half) effectively left local programs to succeed or fail on their own. One succeeded, several failed but the program has come to life again with renewed vigor and impressive grassroots support because the civil servant, originally responsible for initiating the program has now been put back in charge with strong support from her superiors.

In Washington D.C., consideration of both the Florida and Missouri experience resulted in a deliberate decision to avoid governmental involvement until the program was up and running smoothly. As a result, the legislation finally enacted was far more flexible, shaped to respond to actual program needs rather than vice-versa. But this was only possible because one community-based hospital complex was willing to take the lead and its leadership was prepared to invest the necessary resources to mount the program with its own resources.

There are some compelling reasons for governmental involvement:

1. Tax Exempt Status. The IRS has ruled that service credits will not be taxed as income even though barter and barter credits are taxed. One of the factors mentioned in the ruling was the involvement of the state through legislation and the clear public purpose evidenced by the legislation. Enacting legislation will help preserve that tax-exempt status for service credits. That is vital. Given a choice between being paying taxes for volunteering and not paying taxes, people are not going to elect the course that results in increased tax liability in order to earn service credits. Governmental involvement will be helpful in securing or retaining a tax-exempt ruling; it may not be absolutely essential however. A community self-help program in St. Louis received tax exemption for an extensive service exchange program utilizing a computerized system to match individuals desiring assistance with those willing and able to provide assistance. At bottom, the rationale was that a taxable "barter exchange" "does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis.

2. Legitimacy and Credibility. Service credit programs ask people to give of their time in return for something called a service credit that they have never seen or heard of before. They need some assurance that this is not a scam if service credits are to provide an additional incentive. Authorization by law gives service credits instant credibility. Barter systems and barter exchange currencies have had difficulty gaining credibility because everything depends on the stability of the barter organization -- and that is usually an unknown. Barter systems work in some contexts because of the credibility of a particular organization or the charisma of a particular individual who can engender confidence. People need something more reliable than that -- if they are going to rely on service credits for future security with respect to anything as fundamental as home-based care for themselves or their family.

3. The Guarantee. People will ask: "Suppose next year or ten years from now, I go to spend the credit and no volunteer happens to be available. What then? Am I just out of luck?" They need some assurance that when they go to spend it, next year or in five years, that there will be somebody around. The government is likely to be around. Surprisingly enough, anxiety over the guarantee so far has been exclusively the concern of professionals; no volunteer has inquired being content to rely on the particular organization with which they are associated and a relationship of mutual trust that carries no "guarantee" other than that of good faith. A statutory guarantee obviously reduces the risk associated with service credits, enhances their value and may operate as a critical inducement for persons who would not otherwise volunteer.

All three reasons suggest that governmental involvement may be desirable. The Florida experience (taken together with problems that arose in Missouri) suggests that government involvement can prove to be highly detrimental. An analysis of the reasons for those problems sheds light on how the role which government can play constructively.

The official evaluation of the program, required by law, and submitted to the Florida legislature in January 1987, concludes that the service credit concept never received an adequate test:

> "The implementation of the pilot program of the VSCP [Volunteer Service Credit Program] by the North Miami Foundation was complete and well administered. However, the pilot did not allow for examination of the potential of the VSCP to provide an incentive to volunteers and the effect of the VSCP as presently designed on an agency and its volunteers. The time period of the program was so limited that recruitment potential could not be evaluated. Additionally, the pilot program was conducted by an agency that would not be eligible to participate under present rules nor would the volunteers in the pilot be eligible for pay-backs. Moreover, the agency that piloted the program was able to offer the organizational structure and numerous programmatic resources of an existing volunteer program designed to provide in-home services. This could not be considered typical of potential provider agencies. In summary, the pilot of the VSCP consisted only of respite care services provided by an non-CCE [Comunity Care for the Elderly] agency to non-CCE eligible clients for an extremely limited period of time utilizing significant administrative resources at no extra cost to the program. The conditions of the pilot were so unlike any possible implementation of the program under the current rules that the pilot cannot be considered to be a true test of the concept and design of the VSCP."

While placing the blame on the legislature for faulty legislation rather than on the executive branch for faulty implementation, the evaluation concluded that the service credit concept was potentially promising:

> "Florida may have attempted to standardize a statewide program prematurely. This standardization and the necessity to mesh a state-administered VSCP with existing state-provided services in such a way as to protect both, may have created an unnecessarily complex program out of a basically simple and useful concept." [Emphasis Added]

(d)

The evaluation attributed this "premature standardization" to the legislation itself:

> "In light of these conclusions, it was recommended that the Legislature be asked to reconsider the design of the VSCP during the coming session. In particular, the Legislature should address the issues of whether or not it is necessary to make the VSCP a centralized state-administered program and whether or not it is necessary to limit the definitions of in-home services to those in the CCE [Community Care for the Elderly] program. These recommendations proposed that it would be possible to maintain a VSCP which had a state guarantee to back up service credits without creating a heavily centralized system administered by the state. Service definitions could be freed from the necessity to be equivalent to state-funded services and provider agencies could operate on more flexible basis in response to local need."

Regardless of whether the legislation or the implementation is to be faulted, an analysis of analysis of the problems encountered sheds light on how best to shape future government involvement. An analysis yields two rationales for the problems, rationales which are complementary rather than mutually exclusive.

First, the Executive Branch is potentially put at considerable risk in implementing the service credit legislation. The legislation does not purport to address the needs of the Executive Branch for dollars and staff to meet critical social needs. Instead, it offers a brand new concept with numerous unknowns and with a contingent liability of unknown dimensions and duration -- and does not provide either the staff or resources which would make it worthwhile to try invest the effort needed. When staff tries, the questions proliferate; the answers are there -- but they are untested. So more and more safeguards have to be built in. In short, one explanation is that the potential administrative complexity of the program, the potential number of risks associated with it and the vast number of unknowns that are involved generate caution and delay.

Caution and delay are understandable, perhaps unavoidable -- but are fatal for a concept that requires a period of trial-and-error. Authority to experiment is needed to encourage risk taking by officials. Otherwise they must choose between accountability for the failure of a new idea and accountability for any liability incurred by the state in testing the idea. Creating potential financial liability for the state is far more dangerous to an official than the failure of an untested idea. It was probably unrealistic to expect the risk-taking that officials perceived the law to entail. Yet, success with this strategy is possible only if officials are free to take such a risk. And someone must make a judgment that the gamble is worthwhile despite the risks because the potential pay-off is so great and because there are no other strategies in sight which do not depend on the assumption that vast amounts of additional dollars will become available.

This rationale suggests that government involvement initially take the form of funding pilot programs while avoiding or sharply circumscribing potential governmental liability. It suggests that governmental involvement might appropriately increase once experience is gained and risks can be assessed more accurately based on that experience.

(e)

Second, another and different rationale for the problems which arose in implementing the law leads to a more precise delineation of role. A major cause of the problems encountered may have been a philosophic divergence between the perspective of a governmental social services department and the perspective underlying service credits.

The health care system which governmental efforts now seek to provide for the elderly by governmental program reflects a public sector response to market failure by the "health care industry." Historically, governmental response to market failure -- whether in health, or housing, or welfare or transportation or other areas -- has been largely confined to three modes: regulation, subsidy (of either the producer or consumer) or creation of some form of public utility.

Service credits represent a fundamentally different response: an attempt to mobilize market forces to further the public interest and to remedy market failure. Service credit programs are necessarily demand driven: no one can earn credits unless someone seeks service; some kind of "pump priming" is necessary to get the system operating and to keep it operating. That requires converting some portion of unmet need into effective demand by responding to requests for service. Each time a request for service is met, it converts that need into an entitlement: the person rendering the service earns a "credit" which must be honored in the future. Government service programs dealing with limited resources are designed to damp down and curtail effective demand, while seeking additional resources to meet unmet need. Generally, they are not engaged in the business of stimulating demand. They thus utilize regulations and requirements to curtail demand or, in the alternative, distribute limited resources as a form of largesse or privilege on a discretionary basis - not as a matter of entitlement which appears to imply potentially unlimited liability and runaway budgets. Because the demand driven aspect of service credits convert need into entitlement in the form of guaranteed purchasing power, the philosophy is foreign and even threatening to social service administrators. It takes on the appearance of a "runaway" -- a program that is potentially uncontrollable. That may not be the reality. But it is what is feared at bottom.

Service credits use market-like incentives: volunteers are paid for their time. Service credits draw upon altruism and related intrinsic rewards but in doing so, earn extrinsic rewards. Service credits use an information system that emulates but is superior to the information driven by commercial market forces about the availability of supply and the scope and location of demand. And that suggests that government's role vis-a-vis service credits should be radically different from anything it is called upon to do in the social service field. It is closer to the role government plays in overseeing the monetary system: in operating the Federal Reserve that determines how much currency the system needs and running the Federal Deposit Insurance Corporation that guarantees bank deposits.

Those are not roles that are congenial to persons who are skilled in designing and operating vast social service systems. And such persons may not be the appropriate people to design a service credit system that seeks to capture and emulate market forces in order to advance a public objective. A more deep seated reason for the problems encountered in Florida may be a philosophical misfit between the strategy embedded in service credits and the particular division of the executive branch entrusted with its implementation. We wouldn't expect the Division on Aging to launch the commodities future exchange or the stock market.

Service credits were intuitively understood by those in the Division of Aging as a form of mandate to legitimate part of the underground economy by strengthening and reinforcing the informal support system that has been eroded by mobility, the breakdown of the family and the phenomenon of aging. The Division's response was the equivalent of saying that before one could purchase a candy bar, a needs assessment would be required. That kind of approach would doom the private market; it is small wonder that it had difficulty with producing a hybrid: a private market system designed to meet a public priority.

This first analysis suggests that the state can best aid service credits by fostering experimentation that is explicitly labelled as a pilot or demonstration.

The second analysis suggests an additional role: that the state can act as a guarantor of service credit banking and market activities in order to facilitate the operation of the market system by increasing the confidence and reducing the risk of participants. Initially, the scope of that liability needs to be shaped in a way that is least threatening to those in government concerned about financial liability. In this context, one specific recommendation contained in the state's evaluation is extremely promising for governmental units unwilling to follow Missouri's lead in accepting virtually open ended liability:

> "It would be possible to maintain a VSCP program which had a state guarantee to back up service credits without creating a centralized service credit bank, a contracting or approval process for providers of the development of detailed rules to standardize many aspects of the program.
>
> "This could be done if the state pay-back guarantee did not operate as an hour-for-hour pay-back (which assumes an hour of volunteer time to be equal across providers and equal to an hour of paid staff time) but instead specified that volunteers who had earned credits in the VSCP would have priority for CCE services over others with equal degrees of need as determined by the CCE's program's policies and procedures. This would not be very different from the pay-back system under the current rule, but would base the pay-back on volunteer participation in in-home services rather than matching hour-for-hour between the volunteer services and CCE services. This might be more realistic because, once on the CCE roles, a former volunteer would not be likely to be dropped when the earned credit hours had run out. [Emphasis added]
>
> "Local VSCP programs could handle service credits internally, based on a description in law of the records they need to maintain and a requirement that they register with the state. Transfer of credits to another participating VSCP could be handled through direct contacts with participating agencies, much the way Blood Banks operate. Verification of credits earned to a CCE program (if no volunteer services could be found) could be handled by direct contact with CCE or through a notarized statement indicating such credits had been earned. Such a statement might be routinely provided at the conclusion of volunteer service so that a volunteer could maintain a permanent record of service.

"Some administration at state level would still be necessary, but it could be limited to the following:

- Producing and distributing materials to describe the program to interested agencies
- Maintaining a file of agencies which had decided to run a VSCP in the form of a brief registration record, including proof of records of liability insurance
- Providing referrals to local VSCP agencies in response to inquiries from agencies or volunteers
- Developing a policy for CCE agencies to accept volunteer credits as one of the factors for prioritizing client need

The evaluators then inquired whether, under such a restructuring of the state's role, it would still be necessary "to limit the definitions of in-home services to those services already in existence in the CCE program."

> "If the necessity of hour-for-hour equivalence with state services is removed, then VSCP provider agencies would be more free to respond to local needs with the types of in-home services they provided. This greater flexibility could also allow for simultaneous transfers of credits which might be more motivating to many potential volunteers. Each agency could develop a system which worked best with its own resources as long as it provided a credit banking system, trained and monitored volunteers, cooperated with transfers to and from other VSCP providers and provided records to volunteers. Both volunteers and recipients of their services could also be given a complaint mechanism which included information on contracting local ombudsman committees. Such an approach could maintain the integrity of the VSCP concept while allowing the program to be run largely at the local level, enhancing flexibility and removing an unnecessary administrative burden from all levels of the system."

The evaluation is to be commended for its candor, its evenhandedness and the creativity manifested in the design of recommendations.

Despite the frustrations, there was considerable value in the experience gained from the pilot, and from subsequent evaluation of that pilot. The causes of the problems encountered go beyond faulty wording in the legislation. They are endemic to situations where the government seeks to encourage experimentation. And they are particularly instructive in defining useful roles for government when it seeks to foster a market-like remedy to market failure.

Senator MATSUNAGA. We would be happy to hear from you now, Ms. Polivka-West.

Ms. POLIVKA-WEST. Thank you. I am pleased to be here today, and I am representing the Florida State Unit on Aging, the Florida Department of Health and Rehabilitative Services, Office of Aging and Adult Services.

Florida's Volunteer Service Credit Program was established in law by the State legislature in 1985 with minimal operational funding for one year. The design of the law as established by the legislation had not been tested prior to enactment. The program was designed for persons over 60 years of age to volunteer their services to persons 60 and over in respite care, homemaker, and other related in-home services.

A credit account of service hours was to be maintained for each volunteer exceeding 50 credits. Responsibility for implementation of the volunteer services credit bank was assigned to our office, the State Unit on Aging.

A full-time contract manager was available during the one-year span of the pilot projects, and input from a planning consortium, the State agency's general counsel, field staff and legislative staff, helped to formulate the program design.

The enabling legislation defined the operational design in considerable detail. Although there was a section of the law for experimental projects, the portion that was funded was the State's agency system. Much of the State's effort went into the required rule development, which included alignment with existing systems, as required by the Volunteer Services Credit Program law.

Florida's Volunteer Services Credit Program was required by law to be operated in cooperation with the existing departmental volunteer program. The selection and training of volunteers had to be in compliance with the requirements for other volunteers throughout the organization. Also, liability coverage and worker's compensation coverage were required.

The State agency's responsibilities included the maintenance of a computer-based accounting system for credits and a skills bank. Local districts would be required to maintain the credit accounts on an ongoing basis, with monthly statements of credits earned or expended for active-status volunteers.

The law required the State agency to guarantee the service credits with a contingency plan for the repayment of service credits to volunteers or their spouses. The State's contingency plan was that participants would receive priority over equivalent applicants for the State-funded Community Care for the Elderly Program, which I will refer to as CCE, which provides in-home services.

The issues of repayment for accumulated hours and competing access for limited services were the most complex for the State agency. The result was the Volunteer Service Credit participants would receive priority access over comparable nonvolunteer applicants for CCE services. The requirement that volunteers would have to meet the need criteria for community-based care for the elderly before given a priority for service was viewed by some as a bureaucratic barrier to credit redemption.

However, this was seen as the only way to deal with the potential unfunded liability if local providers refused to honor service credits in the future.

The Community Care for the Elderly Program is Florida's major community-based alternative for the institutionalization of older, frail elderly persons. And I would like to say that one-fourth of our population in Florida is over the age of 60; 18 percent of our State population is over the age of 65, our 85-plus population is growing the fastest, and we have the lowest nursing home bed ratio in the country. The CCE program is our major alternative for institutional care. The population that is served in CCE is very frail, their average age is 80, and one of the major reasons for termination of the program is going into a nursing home or death.

Almost 80 percent of the CCE clients have incomes below 125 percent of the poverty level. Less than 32 percent of the need for CCE services is being met through the State's $30 million allocation, and there are extensive waiting lists throughout the State.

There was concern that the Volunteer Services Credit Program priority ranking would make the waiting list even longer.

At this point, I would like to refer to the Florida State evaluation of the pilot projects for the one-year-based term, and I would like to submit the evaluation for the record.

Senator MATSUNAGA. Without objection, it will be included in the record.

Ms. POLIVKA-WEST. Thank you.

Florida's evaluation of the Volunteer Services Credit Program initiative documents that the circumstances of the pilot did not sufficiently allow for a test of the feasibility of statewide implementation. The major problem was that there was very little response to the request for pilot sites. Only the private nonprofit North Miami Foundation and our District 8 HRS office, Department of Health and Rehabilitative Services office, volunteered to participate. One of the most significant implementation problems for the pilots was meeting the statutory requirements for the program to operate with the same procedures required for other Departmental volunteers—that is, the liability insurance and workers' compensation requirements.

Given the lack of provider participation, the State conducted a survey of potential provider agencies and current volunteers to determine their interest in the program if it were to be implemented statewide. The results of the survey indicated that given the current program structure and limited administrative funding, the majority, almost 70 percent, of potential provider agencies would not be interested in participation in the Volunteer Services Credit Program. The most frequently cited reasons for nonparticipation were: unfunded administrative costs; inherent inequalities between Volunteer Services Credit Program volunteers and those who could not volunteer or volunteered in other ways; lack of incentives because persons in need of services would receive them even without service credits; concern over the general concept of providing compensation to certain volunteers.

All 36 responding provider agencies used volunteers 60 and over for some services, with about one-third using volunteers for in-home services. The providers indicated that volunteers are least

suited to the in-home services required by the State's Volunteer Services Credit Program law.

A separate survey of current Departmental volunteers indicated that about one-third would be interested in participating in a Volunteer Services Credit Program. This result was similar to a California survey of a senior center's nutrition program participants where 37 percent were interested in participating. The two-thirds who were not interested cited the major reason as they volunteered their time for the satisfaction of helping others.

In addition to the surveys of volunteers, two focus groups were held. Interviews of volunteers were conducted with RSVP volunteers in one group and AARP members in another group. They were all volunteers in programs in Florida. The focus groups felt that people volunteer to help others not for personal gain. That was their major finding, according to the evaluator for the State's evaluation. They felt also that incentives should be display of interest in and recognition of volunteers' efforts. They also felt that a meal, transportation, et cetera, and a stipend possibly would be more of an incentive for voluntarism than service credits.

The groups also felt that in-home services were a very special type of volunteer work and should be administered carefully. The focus group participants felt that volunteers should be trained; they should be prepared for the conditions when going into the homes of frail elderly people who were homebound, and that in-home services were physically demanding.

The State's evaluation concluded that Florida may have attempted to standardize a statewide program prematurely. The standardization and the necessity to mesh a State-administered Volunteer Services Credit Program with existing State-provided services in such a way as to protect both may have created an unnecessarily complex program out of a basically simple and useful concept.

I would propose that it is not necessary to make the Volunteer Services Credit Program a centralized, State-administered program, nor should there be a mandate for the Volunteer Services Credit Program to be coordinated with existing volunteer programs. The Volunteer Services Credit Program is more of a bartering relationship than the traditional volunteer action.

Because the State has to work within the framework of law, the attention to detail is unavoidable. It is extremely important how a law delineates the specifics of a partnership between the private sector and public programs that already exist.

States may appropriately endorse Volunteer Service Credit Programs, but service credits are not a substitute for the limited public resources that we have for in-home care for the frail elderly. Service credits may serve an important role as a complement to public-funded programs, but that is yet to be demonstrated.

There is a need for demonstrations to be evaluated to test the appropriate and successful relationships of service credit volunteers within both the private and public sectors, and there is a need to know the full cost.

Thank you.

Senator MATSUNAGA. Thank you very much, Ms. Polivka-West.

[Responds to additional questions and the prepared statement of Ms. Polivka-West follow:]

LUMARIE POLIVKA-WEST
STATE OF FLORIDA DEPARTMENT OF AGING AND ADULT SERVICES

QUESTIONS/ANSWERS

1. In your opinion, what is the appropriate role for the Federal government or State government to play in fostering or operating service credit programs?

Federal, state and/or local governments may be interested in volunteer service credit programs as a means of delaying the need for formal, public-supported long term care programs. However, there is no precedent evidence to support this position, and the kinds of services provided by volunteers may not be equivalent to the services offered by formal agencies which are specifically targeted to people who are the most impaired. Nonetheless, there may be an important gap-filling role for the kinds of services volunteers can provide for clients of formal programs. In addition, volunteer service exchange systems may provide an excellent mechanism for local communities to engage the elderly in helping roles for each other, targeting toward those who have needs for assistance but are not usually the most impaired. This could be done either through simultaneous exchanges, through credit banking or through both.

Florida's experience with trying to develop a centrally managed system with volunteer services defined as equivalent to the services offered through its aging programs was not successful. The more appropriate role for government would be to provide technical assistance to local volunteer service credit agencies, promote participation, disseminate materials, provide initial seed money for start-up administrative costs, establish regulatory guidelines for accountability to the public rather than a governmental entity, and monitor agencies to ensure proof of records.

Public monies could also be set aside for liability insurance pools and/or to organize and fund transportation for volunteers.

2. If the Federal government were to fund additional service credit demonstration programs, what specific legislative recommendations would you make with regard to establishing such programs?

Florida's state government experience with volunteer service credit projects indicates that legislative requirements should be minimal so as not to turn a rather simple concept into a complex, rule-based program. The emphasis should be on a local development of volunteer service exchange systems

with some administration required at the state level to ensure local agency accountability. It would be best if local volunteer service credit programs handled service credits internally. Based on a description in law of the records, they need to maintain a requirement that they register with the state. The best model for this concept remains the local blood bank, which is not a part of a state or federal bureaucracy.

3. In Florida, did you witness any effect on the availability of volunteers for non-service credit services provided through non-profit or other public agencies?

There was no discernible effect on the availability of volunteers.

4. Based on your experience in Florida, do you think that additional Federal funding for service credit demonstration programs is warranted at this time, or should it wait until the current programs have been evaluated?

Federal demonstration funding should only be targeted to volunteer service credit programs that are different from the ones being tested now through state administration.

STATE OF FLORIDA
DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES

Written Testimony on Florida's Volunteer Services Credit Project to Senator Matsunaga, Chairman of the Subcommittee on Aging

by: LuMarie Polivka-West
Florida's Aging Community Services Administrator
Department of Health and Rehabilitative Services
Aging and Adult Services

Florida's Volunteer Service Credit Program was established by the state legislature in 1985 with minimal operational funding for one year. The program was designed for persons over sixty years of age to volunteer their services to persons sixty and over in respite care, homemaker and other related in-home services. A credit account of service hours was to be maintained for each volunteer exceeding 50 credits. Responsibility for implementation of the VSCP was assigned to the State Unit on Aging, the Department of Health and Rehabilitative Services Office of Aging and Adult Services. A full-time contract manager was available during the one-year span of the pilot projects, and input from a planning consortium, the state agency's general counsel, field staff and legislative staff helped to formulate the program design. The enabling legislation defined the operational design in considerable detail. Although there was a section of the law for experimental projects, the portion that was funded was the state's agency system. Much of the state's effort went into the required rule development which necessarily included alignment with existing systems, as required by the VSCP law.

Florida's VSCP was required by law to be operated in cooperation with the existing HRS volunteer program. The selection and training of VSCP volunteers had to be in compliance with the requirements for other HRS volunteers. Also liability coverage and worker's compensation coverage were required.

The state agency's responsibilities included the maintenance of a computer-based accounting system for credits and a skills bank. Local districts would be required to maintain the credit accounts on an ongoing basis with monthly statements of credits earned or expended for active-status volunteers.

The law required the state agency to guarantee the service credits with a contingency plan for the repayment of service credits to volunteers or their spouses. The State's contingency plan was that participants would receive priority over equivalent applicants for the state-funded Community Care for the elderly Program (CCE) which provides in-home services.

The issues of repayment for accumulated hours and competing access for limited services were the most complex for the state agency. The result was that Volunteer Service Credit participants would receive priority access over comparable non-volunteer applicants for CCE services. The requirement that volunteers would have to meet the need criteria for CCE before given a priority for service was viewed by some as a bureaucratic barrier to credit redemption. However, this was seen as the only way to deal with the potential unfunded liability if local providers refused to honor service credits in the future. The CCE program is Florida's major community-based alternative for the institutionalization of older, frail elderly persons. Almost 80% of the CCE clients have income below 125% of the poverty level. Less than 32% of the need for CCE services is being met through the state's $30 million allocation and there are extensive waiting lists throughout the state. There was concern that the VSCP priority ranking would make the waiting lists even longer.

Florida's evaluation of the VSCP initiative documents that the circumstances of the pilot did not sufficiently allow for a test of the feasibility of statewide implementation of the VSCP. The major problem was that there was very little response to the request for pilot sites. Only the private, non-profit N. Miami Foundation and the District 8 HRS Office volunteered to participate. One of the most significant implementation problems for the pilots was meeting the statutory requirements for the program to operate with the same procedures required for other HRS volunteers, e.g. liability insurance and worker's compensation.

Given the lack of provider participation, the state conducted a survey of potential provider agencies and current volunteers to determine their interest in the program if it were to be implemented statewide. The results of the survey indicated that, given the current program structure and limited administrative funding, the majority (69%) of potential provider agencies would not be interested in participation in the VSCP. The most frequently cited reasons for nonparticipation were:

- unfunded administrative costs
- inherent inequalities between VSCP volunteers and those who could not volunteer or volunteered in other ways
- lack of incentives because persons in need of services would receive them even without service credits
- concern over the general concept of providing compensation to certain volunteers

All 36 responding provider agencies used volunteers 60 and over for some services with about one-third using volunteers for in-home services. The providers indicated that volunteers are least suited to the in-home services required for VSCP.

A separate survey of current HRS volunteers indicated that about one-third would be interested in participating in a VSCP. This result was similar to a California survey of a senior center's nutrition program participants where 37% were interested in participating in a VSCP. The two-thirds who were not interested cited the major reason as they volunteered their time for the satisfaction of helping others.

The State's evaluation concluded that "Florida may have attempted to standardize a statewide program prematurely. This standardization and the necessity to mesh a state-administered VSCP with existing state-provided services in such a way as to protect both, may have created an unnecessarily complex program out of a basically simple and useful concept." I would propose that it is not necessary to make the VSCP a centralized state-administered program nor should there be a mandate for VSCP to be coordinated with existing volunteer programs. The VSCP is more of a bartering relationship than the traditional volunteer action.

Because the State has to work within the framework of law, the attention to detail is unavoidable. It is extremely important how a law delineates the specifics of a partnership between the private sector and public programs that already exist. States may appropriately endorse VSCPs but service credits are not a substitute for the limited public resources we have for in-home care for the frail elderly. Service credits may serve an important role as a complement to public funded programs, but that is yet to be demonstrated. There is a need for demonstrations to be evaluated to test the appropriate and successful relationships of service credit volunteers within both the private and public sectors.

Senator MATSUNAGA. We will now be happy to hear from Ms. Joanne Polowy.

Ms. POLOWY. Thank you very much, Senator.

My name is Joanne Polowy. I am Program Planning Consultant at the Missouri Division of Aging and am assisting in managing Missouri's Service Credit Program for the of Social Services. I was involved in the Office of the Director, of the division working on expansion of in-home services in the State of Missouri. We do not have quite as many as Florida does, but about 13 percent of our population is over 60, and we were wrestling with the need to deliver services to people who were wanting to stay in their homes.

In 1983, we first thought of this concept as a way to supplement our efforts with in-home service providers that we contract with, using a number of funding sources. I did submit for testimony a narrative description, basically, of what Missouri has experienced, what our objectives were, so I will not repeat that.

Senator MATSUNAGA. All of your written statements will appear in the record as though presented in full, and I would appreciate it if you could summarize.

Ms. POLOWY. OK. I will try and deal with a couple of special things that have come up in my mind as I have listened to people testify.

Senator MATSUNAGA. Actually, we have a rule of 5 minutes, but I have been very generous because you have come all the way from Missouri and Oklahoma.

Ms. POLOWY. There was mention of the statewide recordkeeping being expensive and difficult. I do want to indicate that from Missouri's perspective, we have started this and keep our records with a simple PC program that is handled on a very part-time basis by a clerical person. It is not difficult or cumbersome, and we do not find that that is a problem.

The State of Missouri does not operate this program directly. We make an agreement with an agency anywhere within the State, in any county or city, and it is the local agency's responsibility to train the volunteers, handle the detail. These are not State volunteers. We have no direct connection. Our one responsibility—or, really, we have two—one is publicity—but the main responsibility is the banking of the credit hours and sending to the volunteers their "bank statement" every quarter. And then we have indicated by law that the State will guarantee those credits in the sense that up to a limit of ten hours per week, if there is not a volunteer available when they want to redeem their credits for like service, then the State will purchase that service for them from an in-home provider in the State.

Our legislation is very simple. We perhaps avoided the trap that Florida fell into by having a broad, simple piece of legislation and keeping the bureaucracy out of it. We were told in our very early planning stage with one of our first pilot programs by some traditional Administration on Aging people that we were essentially creating a volunteer program that was heresy in their minds, in the sense that there was not all the structure to it that they were normally used to.

So it is very much a grassroots program; it is voluntary, helping their neighbors, and it is working out reasonably well. We now

have 12 programs that are approved in the State of Missouri. Three of these are RSVP programs; four of them are community service agencies; one is the Visiting Nurse Association—we just recently made arrangements with a Red Cross Chapter, who was very excited about the possibility of doing this and being a member of this partnership—a regional medical center, a skilled nursing facility. In Missouri, we are concentrating on respite care only, as a single service at this time. Originally, the legislation was for older people to be helping older people. We have recently enacted an amendment to that legislation that will allow young people to donate their time and have a beneficiary who is an older person.

We do expect once we get the system in place to expand to transportation and some of the other, simpler types. Respite care and transportation services are the two identified major problem areas for delivery of services in the State of Missouri for older people. If you do any kind of survey, anywhere, with any population of older people, they would identify those two services as the ones that they do not have access to. So we are concentrating our resources and efforts in those particular areas. Right now, it is just respite care.

I do think we would like to see continued Federal interest and support in this. One of our major interests is whether or not this program is generating new volunteers for the system. We believe that, and the Visiting Nurse Association and several other agencies that have been involved for over a year now, are beginning to see people who have never volunteered before in their lives coming to their agency and saying, "We heard about this program; we heard that you were running this," and they walk in that door.

Now, our theory is that they may come through the door because they have heard about this, and it has a ring of appeal if you have a work ethic background; but once they get in the door, they see what volunteers do, and they see a whole new life for themselves. And we would like to see this have an opportunity to develop some more so it can be evaluated.

I prefer the language of the current bill, 1189, to the concept of having this go through ACTION, mainly because it seems to me that it leaves more liberty to allow the flexibility on a State level to deal with things.

One of our RSVP programs reported that their volunteers were particularly intrigued with the idea that these credit hours were being sent to Jefferson City, the capitol of Missouri, and when the director asked about that, she said, "Well, you know, we report your hours already to Washington." That had no meaning to those people in northwest Missouri in this 2,000-population community. Somehow, the State is a lot closer to home, and the language of 1189 kind of lends itself to a State involvement.

Thank you.

Senator MATSUNAGA. Thank you very much, Ms. Polowy.

[The prepared statement of Ms. Polowy and responses to questions submitted by Senator Matsunaga follows:]

TESTIMONY FOR THE SENATE SUB-COMMITTEE ON AGING
SUBMITTED BY THE MISSOURI DEPARTMENT OF SOCIAL SERVICES
November 12, 1987

THE OLDER VOLUNTEER SERVICE BANK FOR IN-HOME RESPITE CARE

MAKING A SERVICE CREDIT PROGRAM WORK
MISSOURI'S EXPERIENCE

Missouri's Older Volunteer Service Bank program, the first service credit program in the country operating on a statewide basis, was developed as a unique approach to encourage older persons to volunteer to assist caregivers of frail elderly or handicapped persons. The service credit concept allows older persons who are still active and productive to utilize their time in a personally constructive way and also assist their community neighbors. Volunteers receive credit on an hour-for-hour basis, similar to a blood bank. They provide service through a local agency, which has been approved as a sponsor by the state Division of Aging. Their hours are reported to the state and these are banked in their name so they can be redeemed at a later date if the volunteer or a member of his/her family needs similar assistance.

When the program was first authorized in 1984 by the Missouri General Assembly, the only volunteers who could receive credits were those over the

age of sixty, but in 1987 a legislative change was brought about because of the interest of many family members, community groups, and younger persons who wanted to be able to participate in this program. This is now permitted, but younger volunteers must designate a beneficiary who is over sixty who will receive credit for their hours. This change has not only expanded the potential number of volunteers, but it has also expanded the group with credits accumulating. It is hoped that persons who might otherwise not avail themselves of assistance because of reluctance to receive "charity" or because they would feel beholden to a volunteer will draw on credits that they, they family members, or church or service groups have given them. Many family members are hard-pressed to know what to give an older relative. What better gift than time!

For several years the Missouri Department of Social Services/Division of Aging has been focusing attention on developing a statewide support system for older persons and their families that offers home and community-based services as an alternative to nursing home care. Missouri ranks sixth in the nation in percent of population over 60 (13.6%) and the numbers are increasing rapidly. There are currently 924,000 persons over the age of 60 in the state and 295,000 over the age of 75 years. The overall percentage increase in the past 10 years has been at a rate of approximately 2% per year, but the most rapidly growing segment is the over 75 age group.

State, federal and local funds are being channeled into such programs as case management, preadmission screening, personal care and homemaker/chore services, home delivered meals, transportation, adult day care and respite care. Missouri has developed quite a sophisticated service delivery system because of the Division's structure with over 200 social workers based in all 115 counties of the state to handle case management and protective services

for the elderly. The state then contracts with private agencies for needed services utilizing funds from Social Service Block Grant, Title XIX (Medicaid), and General Revenue. But resources, by necessity, particularly from the state level, have been targeted toward the low-income. Area Agencies on Aging in the state utilize Older American Act funds primarily for nutrition services and in a limited way for some of the non-intensive services which support the frail elderly in their own homes. Also various local community service agencies concentrate their programs on meeting the needs particularly of the lower income individuals and families in their area(s).

There is however, a large segment of the elderly population with assets, usually quite marginal, that are sufficient to deny them access to many of the community and home support services. They have the same set of needs as the others, but they tend either to struggle along trying to do everything independently or they purchase services only in crisis situations. This creates burdens for caregivers which eventually often compromises the quality of care provided and undermines the physical and emotional well-being of the caregiver(s). Respite care, in particular, is a service not widely available in Missouri - not only to families or individual caretakers who could afford it, but also in the government supported range of services. There are, for instance, only twelve agencies statewide offering respite care through Medicaid even though respite care has been a covered service as part of the Medicaid Home and community Based Waiver obtained in 1982. The latest statistics show that the agencies are serving, in total, only twenty-five clients. The reasons for this may be tied to the reimbursement level or the state requirements, but in general, the primary reason for lack of involvement is that agencies find this a cost-ineffective service to

provide. For much the same reason, apparently, there are only a few agencies either private or nonprofit which provide respite care on a private-pay basis and none that we know of utilizing a sliding fee scale.

In addition, social service personnel connected with the state and also from private agencies report that it appears that families and caregivers tend to avoid spending their limited resources or "troubling" a neighbor or friend for this type of assistance (respite service). Most of the caregivers apparently do not understand the importance of maintaining their own activity level by obtaining occasional respite or they feel extremely guilty about either spending limited resources or asking for help for their own benefit. They save their requests for help from others and their limited resources for emergency situations. Data collected by the Division of Aging from reports made to Missouri's Elderly Abuse/Neglect Hotline shows that 23% of the calls in 1983 were connected to caregiver stress associated with caring for a frail elderly person. This may be an indicator which could be reduced with broader availability of respite care, but that remains to be seen.

In 1983 when the Division of Aging was examining alternative ways to assist family caregivers not eligible for government-funded programs, as well as those who were but for whom respite care was not available, it emerged that one resource which could perhaps be utilized might be the elderly themselves - the "young well elderly". Many older Missourians are relatively unimpaired by the aging process and need little or no care from others (70%). In addition, population data indicated an increasingly large and expanding group leaving the active work force and entering a "retirement" phase of life whose needs also needed to be better addressed from a public policy perspective on the state level. Recognizing that research studies, as well as the experience of programs utilizing older volunteers, have indicated

that offering a person an opportunity to be of assistance to others often has a positive psychosocial value and that "activity" rather than "disengagement" produces the best psychological climate for older persons (Butler, 1978), the concept of offering "service credits" to encourage involvement, particularly to meet the identified statewide unmet need for respite care, emerged.

It was projected that although one set of older persons may already be involved in volunteer activities, a program might be developed to serve as an incentive to another set needing different motivation - a set of people who might otherwise never become involved. The motive might be tied somehow to the "work ethic", whereby the individual could be encouraged to provide for his/her future needs or the needs of others in the family by utilizing personal time in a "personally" cost-constructive way. In a sense it would be work for a different type of pay. Another set of persons might be motivated to become involved for another reason. That is, they might recognize that if they helped a friend or neighbor and received "credit" for doing this, the friend would not have to feel obligated or "beholden" and might accept assistance which he would otherwise deny himself. A final thought, and a rationale for using the service credit concept - particularly in connection with respite care, was that on a nationwide basis most of the volunteer respite care programs that had been initiated - generally with federal or foundation funding as their base - had not survived over time. One report from a Seattle project, for instance, indicated that respite care was the most difficult of all volunteer programs to maintain as it was a rather "invisible" service without some of the rewards connected to volunteerism that other programs have. It was felt, therefore, that perhaps use of the service credit concept in this area would be uniquely valuable. It was also recognized that there would be a better possibility of getting

authorizing legislation passed if the program were focused on an area of identified unmet need.

The problem, however, for the division was that a state agency, by itself, really does not have a capacity - nor is it entirely appropriate - to organize and implement a statewide volunteer program of sufficient magnitude to have an impact on the problem. Local agencies appeared to be better suited in many ways for such an effort, but they might not be able to handle the "credit" concept uniformly. A cooperative project, therefore, seemed to be the answer - a project which would create a linkage between the public and private sector, the family caregivers and older volunteers. Also, the integrity of the "credits" would need to be guaranteed or this would merely be a service exchange program - which is a bit different.

The following year, therefore, the Missouri General Assembly passed an innovative piece of legislation to establish an in-home respite care program using older persons as volunteers and guaranteeing credit for that service - the Older Volunteer Service Bank (OVSB), administered by the Missouri Division of Aging/Department of Social Services. This credit is redeemable at a later date when the volunteer or his family needs similar service. The concept is similar to the well-known "blood bank" approach and credits are redeemable at no cost regardless of the financial status of the volunteer. There must be a validated need, however, for the service. Local agencies recruit, sponsor and train the volunteers, link them with families needing respite, and then submit time reports to the Missouri Division of Aging for entry in a computer "bank account" established for the volunteer. Bank "statements" are issued regularly to those building credits by the Division and, on a local level, the sponsoring agencies maintain contact with the volunteers, offering continuing training and support. If an individual then

needs to redeem credits no matter where in the state they happen to be, contact is made with either a local sponsoring agency or the local Division of Aging office and if volunteer assistance is not available for credit repayment the Division of Aging will purchase the service from an In-Home Provider Agency with which the state contracts.

The objectives of the OVSB program are: (1) To expand in-home respite care to support family and home care of the frail elderly; (2) To encourage older persons to volunteer time to in-home respite care; (3) To demonstrate a cooperative linkage between the state and the private sector in the development and implementation of a volunteer program for older persons; (4) To demonstrate a cooperative linkage on a local level between public, private and not-for-profit agencies to meet a community need; and (5) To expand the options of volunteer opportunities for older persons.

In 1984 following passage of the authorizing legislation, federal funds were obtained through a grant from the Administration on Aging to initiate the project, develop the necessary program material and pilot the feasibility of a state and the private sector working in this way cooperatively with older persons to expand the availability of respite care. During the initiation phase of OVSB, a wide array of problems and questions about operating a service credit program were resolved and all the basic program and publicity materials were developed. Administrative rules, however, have not been developed or promulgated deliberately as the Division has wanted to allow for local program flexibility and agency latitude to broadly interpret the law so as to enhance the early stage of expansion.

Although it was originally anticipated that during the AoA grant period it would be possible to operationalize the OVSB program statewide and enroll a number of volunteers, almost the entire time needed to be spent on basic

system development. By the end of April 1986, when the AoA grant expired, four agencies had been approved and negotiations had begun with four additional agencies in various locations of the state. A total of 26 volunteers had been trained and a total of 730 hours had been donated by 19 volunteers - primarily in the St. Joseph pilot area which by then had an active program operating.

The Division of Aging identified at the end of the grant period that the crucial step in development of this type of program was the enlistment of local sponsoring agencies. Furthermore, one problem in this connection was that there were no special funds available to defray the costs connected with an agency becoming approved, recruiting and training the volunteers, or handling the reporting system. For those agencies really interested in supporting family caregivers, however, it was found that this project could easily be integrated into their ongoing program activities at low cost, particularly if they already had an active volunteer program or if they would hire (or enlist a volunteers as) as part-time program coordinator to focus on respite care and recruitment of volunteers, do the needed local inter-agency linkage, etc. There are, however, some relatively small "hidden" costs connected with being a sponsor i.e. insurance, postage, telephone, travel; and, in some cases, these have proved to be a deterrent, even for an agency which is aware of the community need and feels they could implement it locally.

In response to this need, in early 1987, the Missouri Division of Aging - in cooperation with the then eight approved OVSB agencies - responded to a Robert Wood Johnson Foundation request for proposal on the service credit concept. One of the agencies, Consolidated Neighborhood Services Inc. (CNSI), a large St. Louis neighborhood/settlement house agency with a strong

history of volunteer programs and innovative projects, agreed to administer the grant, but only if there was a formal partnership with the state agency and the other consortium members. Funding from the foundation was awarded in July 1987 and the state has now begun an active expansion effort with the goal of having a local sponsoring agency in every county of the state within the next three years - and hopefully 2000 volunteers registered and serving caregivers. Presently, there are twelve approved sponors in Missouri, with 65 active volunteers serving 52 families, and there are over 3300 total hours banked.

Although "service credits" are being granted presently only for respite care in Missouri, if the program succeeds during the expansion stage and sponsoring agencies are approved in every county, it is anticipated that state authorizing legislation can then be negotiated in the years ahead to guarantee credit for other support services to assist the elderly to maintain independence and remain in their own homes and communities for as long as possible. The nation is watching this unique program unfold and Missouri is approaching the service concept in a step-by-step approach, hoping thereby to establish a sound foundation for later expansion.

QUESTIONS FOR JOANNE POLOWY
MISSOURI DEPARTMENT OF SOCIAL SERVICES

1. I note that the Missouri program is limited only to respite care services at this time. What issues do you anticipate will need resolution before expanding the program to include other types of service?

2. Has the Missouri program witnessed any tendency to serve only individuals who have credits accumulated, to the exclusion of others who might need the service more? Have you explicitly addressed this issue in the Missouri program?

3. Can you describe the key elements of the State's participation in this program? How would you contrast the Missouri program with the Florida program?

4. Do you see a need for additional Federal legislation to fund demonstration projects? Or should new demonstration projects await systematic evaluation of currently funded programs?

5. Have there been any problems in Missouri with regard to "siphoning off" volunteers from other agencies or projects? Has Missouri been able to document an increase in total volunteer hours?

JOHN ASHCROFT
GOVERNOR

MISSOURI
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF AGING
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December 10, 1987

The Honorable Spark M. Matsunaga
United States Senate
Committee on Labor and Human Resources
Room 404 Hart Senate Office Building
Washington, DC 20510-6300

Dear Senator Matsunaga:

Enclosed is the edited copy of the transcript of my testimony before the Subcommittee on Aging last month. My responses to your questions follow.

1. Missouri's program is limited to respite care because it was felt that it would be wise to deal with only one service initially while in the development stage - and because at the time there were Administration on Aging funds available to assist if the program focused on respite care. We now have the basic structure established and the system in place and we expect that legislation will be introduced this year or next to expand the concept to several other home care support services such as transportation, shopping, chore service and telephone reassurance.

2. Missouri operates an "open" system which means any one can receive service. No one had credits to begin with and we did not "generate" credit to loan out and then have people repay. Ultimately we may go to a semi-closed system whereby those with credits get first assistance from volunteers - primarily because the State guarantees the credits with cash payment to an agency if no volunteer is available - but we do not expect it ever to be closed so that the only ones getting service would be those with credits. The purpose of the credits, from our perspective, is to provide an incentive to older persons to remain active by volunteering, to allow individuals earning credits to feel as though they are providing for their own or their family's future needs, and to supplement state purchased services with volunteer assistance.

3. As I indicated in my testimony, the State's role is to assist with publicity to generate volunteers statewide, to approve local agencies, to "bank" the hours, report the hours credited to each volunteer, and finally to guarantee the credit redemption. The volunteers are local agency volunteers and the program is run on a

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services provided on a nondiscriminatory basis

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local level as a cooperative effort between the state and the private sector. Florida's legislation put the State Department of Human Services into a much more controlling position and required a commitment of personnel from the state for repayment of credits. I believe it was difficult for the state agency to handle that concept and the logistics of working out a state agency/private agency partnership effort which does not involve funding are complex.

4. SB 1186 would be helpful legislation as additional funding is needed for expansion of the concept so that a valid evaluation could be done. The Robert Wood Johnson funds of $66,000 a year for three years is too small an amount to have major impact on statewide development in Missouri, but it is more than we had and it is helping to have a small amount of funding available to give local groups to help cover their overhead costs and encourage their involvement with this new concept. We are also devoting a certain amount of effort as a state agency but with no funds earmarked for this, progess is slow.

5. No, we have not had this problem. Our legislation limits credit accumulation to ten hours per week primarily for this reason. We have increased hours from 720 in 1986 to 3380 in December 1987. The number of volunteers is now 80 - 30 more than in October 1987 and 65 more than in 1986. The number of approved agencies has grown from 4 in 1986 to now 12. What we hope to evaluate in the next two years is how many "new" volunteers thservice credit approach has generated. There are early indications that as many as half the volunteers have been attracted by the service credit concept.

Feel free to contact me again if I can be of further assistance.

Sincerely yours,

Joahne Polowy
Program Planning Consultant

JP:dw

cc: K. Gary Sherman
Gary Stangler
Elaine Reiter
Bill LaRue
Norma Hasselman
Tom Crain

Senator MATSUNAGA. And now, Ms. Heard, you shall be heard.

Ms. HEARD. Thank you.

As you know, I am a director of an area agency on aging, Senator Matsunaga. We cover central Oklahoma, four counties with an older population of 113,000 persons. The AAA started as a model project in 1972. I have been its only director. We started with just me, and now have a staff of ten, and we have developed quite a good number of services.

We are reasonably well-known, do get asked a lot of questions, and do a great deal of advocacy in State legislation.

The knottiest problem today for the agency, and also a major emphasis of The Older Americans Act, is of course, how do we, not just AAAs, but we as a whole society, meet the variety of increasing needs of our oldest and frailest citizenry.

Area agencies on aging, if there is anything we have learned, it is two particular things—that dollars for services for declining older people are never going to be enough to pay for services, number one; and number two, that services are usually, unfortunately, developed to tap earmarked dollars, as surely as iron filings are drawn to the magnet.

This may mean that whole systems become set based on the availability of public funds, not based on the broad scope of help needed to actually meet the needs in the least restrictive way and in the most desirable environment—one's own home and castle.

The supremacy of the medical model is still with us, and high tech is entrenching it even further. Dollars still are directed, largely, toward this medical approach. What we should all stop and ask ourselves is, as part of the human race, how do we want to be cared for once decline is a part of our lives, because it is going to be a part of all our lives.

Yes, we need hospital care, and we need nursing home care, of course, if it is appropriate. But the vast majority of help needed can be carried out in the home.

Actual services needed, from shopping for groceries, to engaging in friendly conversation, straightening up the house, personal care, respite care for a distraught caregiver—an usually be carried out by motivated and trained helpers or volunteers—neighbors, friends, family, community. Being a friend to one in need is gratification for every one of us.

Many volunteer networks are already in place. But the sensitization process is only partially complete. So the question becomes, what further incentive can we give to people to get them "hooked" on helping, all meeting a part of the need so that the entire responsibility of caring for an older frail person does not weigh so heavily on families who, after all, do 85 percent of the caregiving.

Service Exchange is a concept whose time has come. The added incentive of earning credits, which an older volunteer can use himself, or which a volunteer of any age can give back to the service exchange bank to be distributed to the most needy, is appealing. Volunteers, for example, and I certainly agree with Dr. Cahn that we need to get some intergenerationalism going—can be Boy Scouts, a Lion's Club, extension homemakers, churches, or just unaffiliated individuals who see a need and want to earn credits.

This incentive of the credits is just the "hooker", not the ultimate motivational force for helping the elderly. That ultimate motivation will be the feeling of satisfaction one has for doing something he knows needs to be done, for establishing a relationship, for aiding another person.

Existing volunteer programs in Oklahoma County, the RSVP, Eldercare, the Oklahoma Teaching Hospitals, and Red Cross, are excited about service exchange and are working with us. They see this as a way to enhance their own volunteer network and to bring in new volunteers, especially those volunteers who have always worked in an institutional setting and wish to go into the home. This is an expansion and an enhancement of the existing system.

The concept, of course, is only beginning to be tried. It needs all the quirks worked out of it. And I might say that some of the things that have been mentioned today simply make the concept more complex. I do not think we really need to determine whether we should get varying numbers of credits for services of varying levels and intensities; it does not matter. Service is service, and help is help. It does not matter if it is transportation or respite care or mowing a lawn; it is all valuable if that person needs it. So we do not have to give differing values to it.

Our plan at our agency is to enlist sponsoring entities—churches, corporations, hospitals, senior organizations, civic groups—who will recruit volunteers and match them with persons who need help. Our agency then will train these volunteers, provide the liability insurance and keep the records, all at a nominal cost to the AAA.

The details are simple. Anyone, excluding family members, can provide help, help of any kind. One hour equals one service credit. The goal is to find enough sponsoring entities to blanket Oklahoma County geographically. Each sponsoring entity enlists a coordinator who does the recruiting and the matching. The AAA promotes the concept, supports the sponsors with encouragement, plaudits and technical assistance.

At this point in time, we have four active sponsors. Simplicity of operation is a must. After all, help is help, and its validity is gauged by the perceptions of the recipients. If I need a faucet fixed—and I am 63, and I happen to need a faucet fixed—that means a lot to me. Now, it is not an intense service, but I am going to be most willing, then, to make Mr. Jones, who fixes that, an apple pie, or mend his shirt, or do whatever it takes, because I am going to be glad to have that done. And as I get older, I am going to have some skill left, and I am going to want to use that skill, because I want to pay my way.

So an older person has a great deal to give, and he wants to give it, and it makes him feel good to give it. It does not have to be so complicated.

Area agencies are naturals for the development of the service exchange concept. Program development is our job. That is what we are called upon to do. The development of comprehensive and coordinated services are our goals. The Older Americans Act is the only legislation to promote a comprehensive array of services and to mandate their development.

This has been done, I might add, on a shoestring, relying heavily on pulling together other public funds, private funds, and volunteer help.

We are now at a crossroad. Public funds are unpredictable; so are private funds, although these are picking up some of the gap. But both these sources will be insufficient to buy the spectrum of services needed. Private pay is not an option available to a large percent of older people on fixed incomes, depending on the scope of the care needed.

We must rely on each other. We must help people understand that the care of our elders—of us, sooner or later—is everyone's business. Otherwise, the baby boomers, these young folks out here today, who will be 70 and 80 and 90 pretty soon—my children and yours—will be left high and dry, with no system in place to help them and no understanding that they have a responsibility to each other.

Service exchange is just a beginning incentive. It is another tool that we can use to bring these things about. As the health care system adjusts to the changes under way and predicted, it is time to enlarge this system by adding the equally important social service system to the equation. It is past time to recognize the importance of the holistic approach—physical, social and emotional help, as well as environmental influences, are forever intertwined to affect our total well-being. We are sensitive and emotional creatures. A friendly and caring helper may have as much positive impact for a homebound widow living alone as all the nerve pills in her bottle. And I have a mother-in-law who takes nerve pills, but when she gets help she does not need them.

We hope that you will make the decision to encourage AAAs to develop the service exchange concept—to speak to the higher motivations of society as a whole, and to move us forward in understanding the total needs of our parents and our grandparents, and of us, sooner than we know

I appreciate this opportunity. Thanks so much.

Senator MATSUNAGA. Thank you very much, Ms. Heard.

[The prepared statement of Ms. Heard and additional material supplied for the record follow:]

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TESTIMONY

Charlotte Heard, Executive Director

Areawide Aging Agency
125 NW 5th, PO Box 1474
Oklahoma City, Oklahoma
73101

A United Way Member Agency

AN EQUAL OPPORTUNITY EMPLOYER

I'm Charlotte Heard, Executive Director of the Areawide Aging Agency, Inc. (AAA), a non-profit 501(c)3 Oklahoma Corporation. Designated an area agency on aging in 1974 the AAA serves 113,000 older persons in Oklahoma City and the four counties of Central Oklahoma. I was hired in 1972 to operate a one-man model aging project. Fifteen years later the agency has helped develop 27 senior centers, four nutrition programs (25 sites), transportation, information and referral, outreach, geriatric day care, legal services, home care, case management and other programs. We are reasonably well known and respected for our knowledge of aging services and for our ability to develop services, advocate for the elderly and solve problems. Agency funds are federal, state and local and totaled $3,412,862 for FY87.

The knottiest problem today for the agency, and also a major emphasis of the Older Americans Act, is: How do we, not just AAAs but WE, as a society, meet the variety of increasing needs of our oldest and frailest citizenry?

Area agencies on aging have long known two things: 1) that dollars for services for declining elders will never be enough to pay for services needed; and 2) that services are usually developed to tap earmarked dollars, as surely as iron filings are drawn to the magnet. Whole systems become set, based on the availability of public funds, not on the broad

scope of help needed to actually meet needs in the least restrictive way, in the most desirable environment - one's own home and castle. The supremacy of the medical model is still with us, and high tech is entrenching it even further. Dollars still are directed, largely, toward this medical approach. What we should all stop and ask ourselves is, as part of the human race, how do we want to be cared for, once decline is a part of our lives???

Yes, we need hospital care and nursing home care when that care is appropriate. But the vast majority of help needed can be carried out in the home.

Actual services needed ---- from shopping for groceries, to engaging in friendly and stimulating conversation, to straightening up the house, to personal care, to respite care for a distraught caregiver ---- can usually be carried out by motivated and trained volunteers (neighbors, friends, family, community). Being a friend to one in need is gratification for us all, an elixir to body, mind and soul.

Many volunteer networks are already in place. But the sensitization process is only partially complete. What further incentive can we give to people to get them "hooked" on helping ----all meeting a <u>part</u> of the need, so that the entire responsibility does not weigh so heavily on families who, after all, do 85% of the care-giving.

Service Exchange is a concept whose time has come. The added incentive of earning credits ---- which an older volunteer can use himself, or which a volunteer of any age can give back to the service exchange bank to be distributed to the most needy ---- is appealing. Volunteers for example, can be boy scout troops, Lion's Clubs, Extension Homemakers, church groups, or just unaffiliated individuals who see a need and want to earn credits for themselves or others.

This incentive of the credits is the "hooker", but not the ultimate motivational force for helping the elderly. That ultimate motivation will be the feeling of satisfaction one has for doing something he knows needs to be done, for establishing a relationship, for aiding another human being.

Existing volunteer programs in Oklahoma County (the Retired Senior Volunteer Program, Eldercare, the volunteer auxiliary of the Oklahoma Teaching Hospitals and others) are excited about service exchange and are working with us. They see service exchange as a way to enhance their care of volunteers and to bring in new volunteers, especially those individuals not now a part of any organized group.

The concept, as you know, is only beginning to be tried. It needs full development and experience to work out its quirks.

How do we guarantee the redemption of credits? Or should we? How many credits can one accrue? How long can they be held? Who coordinates the efforts, logs the volunteers' credits, etc. How many credits should be distributed to get the exchange going?

Our plan at Areawide Aging Agency is to enlist sponsoring entities ---- churches, corporations, hospitals, senior organizations, civic groups and existing volunteer groups ---- who will recruit volunteers and match them with persons who need help. The AAA trains the volunteers, provides liability insurance and keeps the computerized records, all at a nominal cost of the AAA. The details are simple: anyone (excluding family members) can provide help, help of any nature. One hour equals one service credit. The goal is to find enough sponsoring entities to blanket Oklahoma County, geographically. Each sponsoring entity enlists a Coordinator, who does the recruiting and matching. The AAA promotes the concept and supports all sponsors with encouragement, plaudits and technical assistance. To date, we have four active sponsors.

Simplicity of operation is a must. After all, help is help, and its validity is gauged by the perceptions of the recipients. It's going to be mighty important to me, as a senior citizen, to stop that faucet drip. I'll be glad to mend Mr. Smith's shirt if he'll just fix the faucet for me.

And what's more, I, along with most older people, have other abilities which I'm willing to share with my peers who need those skills.

Area agencies are naturals for the development of the service exchange concept. Program development is our job. Comprehensive and coordinated services are our goals. The Older Americans Act is the only legislation to promote a comprehensive array of services, and to mandate their development. This has been done on a shoestring, so to speak, relying heavily on pulling together other public funds, private funds and volunteer help.

We are now at a crossroad. Public funds are unpredictable; so are private funds, which <u>are</u> picking up some of the gap. But both these sources will be insufficient to <u>buy</u> the spectrum of services needed. Private pay is not an option available to a large percent of elderly on fixed incomes, depending on the scope of care needed.

<u>We must rely on each other!</u> We must help people understand that the care of our elders ---- of ourselves, sooner or later ---- is <u>everyone's</u> business. Otherwise, the baby-boomers turned 70, 80 and 90 ---- my children and yours ---- will be left high and dry, with no <u>system</u> in place to help them and no understanding of their responsibility to each

other. Service exchange can be the beginning incentive, the "hooker" to draw out the best motivations in us all.

As the health care system adjusts to the changes underway and predicted it is time to enlarge this system by adding the equally important social service system to the equation. It is past time to recognize the importance of the holistic approach: physical, social and emotional health, as well as environmental influences, are forever intertwined to affect our total well-being. We are sensitive and emotional creatures. A friendly and caring helper may have as much positive impact for a homebound widow living alone as all the nerve pills in her bottle.

We hope that you will make the decision to encourage AAA's to develop the service exchange concept ---- to speak to the higher motivations of society as a whole, and to move us forward in understanding the total needs of our parents and grandparents ---- of us, sooner than we realize. Thank you for this opportunity.

Charlotte Heard, ACSW
Executive Director
Areawide Aging Agency, Inc.
(405) 236-2426

Attachments: AAA Annual Report
LIFE Fact Sheet
LIFE Brochure
Membership, Aging Consortium

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Executive Director

December 28, 1987

Senator Spark M. Matsunaga
United States Senate
Committee on Labor and Human Resources
Washington, DC 20510-6300

Dear Senator Matsunaga:

The following is my response to your questions submitted to me following the November 12, 1987 hearing on the Service Exchange Concept:

1. Does your agency offer the same services through the service credit program as they do through direct service under the Older Americans Act?

   IF SO, how do you decide who will receive services under which program?

   IF NOT, which services are provided through each, and why were such distinctions made?

   RESPONSE: Our agency funds some services, such as homemaker service, transportation and home repair, which are also done on a voluntary basis in some cases. We do not consider this a conflict. Paid services are never available to the extent needed. The choice as to whether to use paid or volunteer services depends on the volunteer network in the geographical location, the paid workers available at the time to do the work, the severity of the situation, the support system in place or not in place, and other factors. A case manager or an outreach worker can make a decision about the most feasible choice. It is not as if we have enough of either paid or volunteer services. This does not present a problem; volunteers do not make an issue of the fact that they are called in, versus the use of a paid service.

2. Should we be concerned that the service credit concept will lead us away from targeting services to those most in need, and toward targeting services to those who have themselves served in the past?

   RESPONSE: The role of the sponsoring entity (the middle man) is to locate those most in need and link them with volunteers. Many able volunteers will return their credits to the sponsoring entity, to be dispersed to the most frail. As the program expands, service to the most frail will continue to be emphasized, but not to exclusion of lesser but needed services. Volunteers come in all persuasions; some wish to simply visit or pick up groceries, while

others are willing to serve as homemakers or respite workers. We should not turn down anyone who wishes to contribute. We do, in fact, need volunteers to perform the whole range of services.

3. You have indicated that you believe that the aging service delivery network is the most appropriate administrator of a service credit program. Do you work with any local RSVP programs or Senior Companion Programs? Could you explain why the administration on aging network is better suited to operate such programs than the ACTION service delivery network?

   RESPONSE: We work continually with RSVP and the Oklahoma City Senior Companion Program. I believe that AAA's are the most appropriate administrators of the Service Exchange Program because of the facilitating and developmental roles long assigned to them. AAA's know how to develop services. They have been through needs analyses, searches for qualified grantees, development of concepts, and on-going monoriting and evaluation, for many years. RSVP's simply deal with finding agencies who need volunteers and linking volunteers to those institutional settings. They are not accustomed to analyzing "middle men" or to placing volunteers in the homes of frail individuals. While they do a good job of soliciting volunteers and agencies, many of the volunteer settings require minimal skill, time and understanding. The volunteer work tends to be more of a social outlet for the volunteer, who is, after all, the person of most importance in the total operation. Helping elders in their homes focuses on help for the homebound, not the volunteer.

I hope these responses are helpful.

Sincerely,

Charlotte Heard, ACSW
Executive Director

CH:tr

WHAT IS THE "LIFE" PROGRAM?

*An imaginative new concept in volunteering, "SERVICE CREDITS";

*The missing link for elderly needing services, wanting to remain in their own homes, with no resources for services needed;

*A community wide endeavor, encouraging local collaboration and initiatives.

WHEN DID THE "LIFE" VOLUNTEER PROGRAM START?

The "LIFE" Volunteer Program is part of the LIVING-AT-HOME grant received by AREAWIDE AGING AGENCY, in December 1986. Bylaws, volunteer training, policy manual and all other essential structure for a non-profit agency have been developed. First "LIFE" sponsors are, Mercy Health Center, Mary Mahoney Memorial Health Center, and Oklahoma Teaching Hospitals. Recipients began being served in October 1987.

WHO IS TO BE HELPED?

The only requirement for volunteer help from the "LIFE" Volunteer Program is age-60 and over and needing service. There are currently 88,563 persons 60 plus in Oklahoma County. Many of these elderly reside in the northeast quadrant. Of the elderly in Oklahoma County, 15% 13,285, are mobile-with-help and 70% 6,199, persons are homebound.

WHY HAVE A "LIFE" PROGRAM?

The "LIFE" Program through volunteer services will enable elderly persons to remain at home maintaining their dignity, and quality of life. "LIFE" operates much like a blood bank. Participants who perform services receive "SERVICE CREDITS" that are "RECORDED" and "BANKED" and can be tapped in time of need. Neighborhood organizations, churches, business, etc can become "LIFE" Sponsors. Through a Sponsor, a Volunteer Coordinator matches the requests of those elderly needing services to those volunteering to help.

HOW CAN I OR MY ORGANIZATION BECOME A PART OF THE PROGRAM?

Volunteers through a Sponsor will be able to choose any number of opportunities to help those elderly in need of: letter writing..telephone reassurance...visitation..... transportation...gradening...the list is endless. Together we form a PARTNERSHIP for the elderly citizens, their Future and Ours.

WHERE CAN I FIND OUT MORE ABOUT THE "LIFE" VOLUNTEER PROGRAM

AREAWIDE AGING AGENCY
THE "LIFE" PROGRAM
Rita J. Thornton - "LIFE" Director
405-236-2426

Revised 10/07/87

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RSVP
Retired Senior Volunteer Program

November 5, 1987

To: Interested Legislaturers:

This letter is written to express the support of the Retired Senior Volunteer Program of Oklahoma County, Inc. for the LIFE program.

RSVP of Oklahoma County, Inc. has been a cooperating agency with the LIFE program since its development in 1986. The Associate Director served on the LIFE Advisory Council during the early developmental stages of the program, providing valuable suggestions and feedback which were given great attention by the LIFE staff and volunteers. In addition, one RSVP staff person has chosen to become a LIFE volunteer.

LIFE is a unique and valuable concept which will continue to greatly benefit the older population of Oklahoma County.

Sincerely,

Beth Braun

Beth Braun
Executive Director

A United Way
Member Agency

Retired Senior Volunteer Program of Oklahoma County, Incorporated
2100 Northeast 52nd Street Oklahoma City, Oklahoma 73111 (405)424-1416

EVA BURROWS
GENERAL

JAMES OSBORNE
TERRITORIAL COMMANDER

The Salvation Army

FOUNDED IN 1865 BY WILLIAM BOOTH

Senior Centers Administrative Offices
for Oklahoma City
315 S. W. Fifth Street
Post Office Box 25510 Telephone 235-1732
Oklahoma City, Oklahoma 73125

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November 5, 1987

Spark M. Matsunaga, Chairman
Senate Sub-Committee on Aging

Dear Chairman Matsunaga:

This letter is to endorse the concept of the LIFE program, an innovative approach to volunteering.

The Salvation Army is very involved in providing services to senior citizens through Senior Centers, including volunteer opportunities.

As a member organization of the Aging Consortium, we support this program. Those elderly persons involved in the Salvation Army Senior Centers will be given the opportunity of becoming Service Credit Unit volunteers.

Sincerely,

Nina Willingham

Nina Willingham
Executive Director

NW:dc

A United Way Member Agency

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616 N.W. 21st Street
Oklahoma City, Oklahoma 73103
405/528-7721

Executive Director
Larry L. Brown, ACSW, LCSW

November 9, 1987

Rita Thornton, Director
LIFE
Areawide Aging Agency
P O Box 1474
Oklahoma City OK 73101

Dear Rita

As you know, the Sr. Companion Program of Oklahoma County has worked with you and your LIFE program since its inception in December 1986.

There, of course, has never been a problem with our both being volunteer programs. Oklahoma County can use all the programs promoting volunteerism that are possible. We have in fact, participated in training programs for each other's programs.

I wholeheartedly support your LIFE program and its concept of service credits.

Sincerely,

Fran Terry

Fran Terry, Director
Sr. Companion Program

FT:bl

The Commonwealth of Massachusetts
University of Massachusetts - Boston
Downtown Center
Boston, Massachusetts 02125
Gerontology Institute

November 2, 1987

Senator John Melcher
U.S. Senate Special Committee on Aging
Dirksen Building
Washington, D.C. 20510

Dear Senator Melcher:

Thank you for the invitation to testify. Since I cannot be present in person I trust these views will be useful, in letter form, about service credits and the part they can play in meeting the needs of the elderly and chronically ill of all ages.

I am a former president of the Gerontological Society of America, former director (until retirement) of the Levinson Policy Institute, Brandeis University. With Dr. Francis Caro and others I developed various approaches to helping ill elders remain in their own homes as long as possible: personal care organizations and social/health maintenance organizations among them.

There are four trends which will govern what our society will do about vulnerable populations, and how it will carry out its actions.

1. Trends in Scope of Demand and Need:

Will needs diminish? No. The natural aging of our population is one force propelling an increase in need, but the rapid change in technology is even more determining, and increases needs at all ages. Science and medicine have succeeded in extending the life time for large numbers of elders who, in previous times, would have died; but these gains come with the price that much survival is with handicap and limitation on mobility and physical independence for many years. These handicaps require the attention of someone to complement the self caring capacities which individuals retain - help which is usually intermittent and supplemental. In three percent of cases it may be full time; but less supplemental help ranging from a few hours a month to several hours a week may be required in some form for up to 20% of the aged population.

Of perhaps greater importance is the fact that science makes it possible to save hundreds of thousands of newborn infants who in previous years would have died at or near birth. They now survive for an almost normal lifetime; but a growing percent of these survivors have life time handicaps. For some the handicaps can be overcome; but for a growing percent the life time of handicap (mental retardation, neurological handicap, physical disability etc.) requires some help from others if the residual capacity of personal independence is to be realized.

The success of science forces us to confront the demand for service unless we are to turn the success into failure measured in quality of human life.

2. Technology in Science:

The history of scientific advance has been characterized by capital intensive activity accompanied by an increase in demand for manpower, often at a higher skill level than prevailed before the scientific advance took place. This phenomenon also occurs in the field of human needs. The great life saving and life enhancing gains of science generate an increase, not decrease, in demand for both manpower and technology investment. Just as each doctor in a hospital is now backed up by 20 to 30 other back up staff of all kinds, so the patient discharged home, whether old or young, with a chronic and continuing disability requires more and more back up - even if part time - to complement the efforts of the individual and family. And if there is no family, which is true for 20% of the elderly, then the demand is even greater. The result is that the more we encourage scientific advance, the more we also generate demand for manpower and expenditure to handle the consequences.

3. Informal Supports and Manpower:

Historically we have relied on the family and informal helpers to take care of the supplemental needs of the handicapped. Three current trends change this situation.

a. Changes in the family. The American family is still a caring one for its members, and they still provide some 80% of all personal care. But families are smaller than ever. Divorces and low birth rates mean that there are relatively fewer family members available to help out than ever before.

At the same time about 18-20% of all elders have no family. They have outlived their families, they never married, they married but had no children, or they have become so estranged that family members cannot be located.

b. Demographic changes. Whether we use optimistic or pessimistic analyses of population changes, it is now clear that the proportion of middle age and youthful workers in our population will decline in the next few decades when compared with the total number of dependent minor children and old sick persons in the population.

The one hopeful note in this picture of fewer people to do the work required by an aging society is that the youth and elders are, in 80% of the cases, likely to be healthy longer. Even if at school, or in the case of the aged, retired, the majority are likely to be healthy enough to perform many tasks, at least part time and to have sufficient leisure to perform some task for others as well as taking care of themselves.

So, while we face a shortage in the main working force, we have more potential part time labor available and likely to be unused, unless we stimulate its use.

c. Economic changes. The major change here is that women who traditionally cared for the elderly and sick at home are now in the wage labor force and work outside of the home. While some of the older generation work full time out of the house and still care for a sick elder at home, fewer and fewer are willing or able to carry on two such full time jobs. Most of these working women work because the earned income is required for their basic necessities and because national policy has encouraged them to work.

A deep and long depression might change this situation for a time, but not for the long term future of a vibrant growing economic America. So economic forces also serve to shrink the natural informal helping system at a time when the need for help is increasing.

4. The Role of Service Credits:

In this difficult period, service credits constitute a creative way to test how we can stimulate the development of new ways to recreate community mutual aid in an era when the natural informal community has shrunk due to social and economic changes.

Costs:

Service credits do not replace the family or formal service organizations. They are a potentially valuable supplement to other formal systems and to families.

Neither the shortage of manpower, nor the steady rise in costs of care can be addressed solely by relying on family care, or on organized agencies. Both of these basic resources - family and agencies - require viable other informal support systems. All three complement each other and serve to meet needs, to contain dollar costs and to provide manpower.

Service credits do this by:

a. Providing an incentive for those who can think of doing something for others.

b. Creating a structure around which willing citizens can organize a small amount of their free time to help others and to have this help recognized.

c. Encouraging volunteerism by those who value some reciprocity: they do something and get something in return, in this case a credit they can use for themselves at a future date.

d. Encouraging active adults to think, in small ways, about their own future needs. Today, few adults are ready to invest cash (especially when their incomes are not overgenerous and their cost very high) at age 30 or 40 or 50 to buy insurance, the value of which for long term care at age 75 may be uncertain. But volunteer time which carries with it both some security for the future and current approbation for doing good for others, can be attractive.

Service credits have much theoretical and practical promise. There are numerous technical and logistical problems to be solved, but these problems are less severe than the problems which service credits can help overcome. A stable period of experimentation and testing is essential, and over a long enough time, to permit the evolution of a wide network of informal support services for the growing numbers of long term disabled people.

Sincerely,

Robert Morris

Robert Morris
Senior Research Associate and
Cardinal Medeiros, Lecturer
University of Massachusetts at Boston

cc: Annabelle Richards

THE SOCIAL/HEALTH MAINTENANCE ORGANIZATION
FOR BROOKLYN SENIORS SPONSORED BY
METROPOLITAN JEWISH GERIATRIC CENTER

Senator Spark Matsunaga
Chairperson
Subcommittee on Aging
Senate Committee on Labor and Human Resources
404 Hart Senate Office Building
Washington, D.C. 20510

November 9, 1987

Dear Senator Matsunaga,

I want to offer my congratulations to the Subcommittee on Aging for scheduling the November 12, 1987 hearing on the Volunteer Service Credit Promotion Act of 1987 to assess the results of current demonstrations of the Service Credit concept. It is very fortunate that the Committee has recognized the importance of Service Credits as a way to increase services to the elderly in a cost-effective manner.

At Elderplan, Inc., a prepaid health plan for Brooklyn seniors, we know firsthand how valuable a Service Credit program can be in helping to maintain the quality of life for the elderly. I regret that I was not invited to testify in person about the exciting work our Service Credit volunteers are doing and the profound impact which they have on the impaired seniors whom they visit.

I appreciate the opportunity to submit written testimony for you and the members of the Committee about Elderplan's Service Credit experience and goals. I hope you will consider it as part of the hearings.

Once again, I commend you and the members of the Committee for your bold and far-sighted approach to bring hope and help to poor and frail seniors by mobilizing the untapped human resources in our communities through Service Credit Banking Programs.

Sincerely,

Terrie G. Raphael, Ph.D.
Director, Member-to-Member

Enclosure

RESEARCH PROGRAM IN
AGING HEALTH SERVICES:
1276 50TH STREET
BROOKLYN, NEW YORK 11219
TEL: 438-2600

TESTIMONY OF TERRIE G. RAPHAEL, PH.D.

DIRECTOR, MEMBER-TO-MEMBER PROGRAM
ELDERPLAN, INC.
BROOKLYN, NEW YORK

TO

U.S. SENATE
COMMITTEE ON LABOR AND HUMAN RESOURCES
SUBCOMMITTEE ON AGING

NOVEMBER 12, 1987

November 12, 1987

Dear Mr. Chairman and Members of the Committee,

On behalf of the volunteers and staff of Elderplan's Member-to-Member program, a service credit banking program in Brooklyn, New York, I thank you for the opportunity to present testimony to the Committee in connection with the hearings on the Volunteer Service Credit Promotion Act of 1987. Our brief statement addresses three key issues which should be of particular interest in the context of the presentations on November 12, 1987. These issues are:

1. What kind of organization is sponsoring the service credit program in Brooklyn?

2. Who participates in the service credit banking program?

3. What is the role of service credits in a prepaid health plan for seniors?

THE SPONSOR

Member-to-Member: Service Credit Banking for Brooklyn Seniors

Member-to-Member is a Service Credit Banking Program of seniors helping seniors within Elderplan's prepaid health plan. The services of volunteers are targeted to moderately and severely impaired plan members, with priority to people who have earned credits. People who have been members of the plan for at least three (3) months are eligible to become "ElderHelpers" (as the volunteers are known). They are expected to be available for at least three (3) hours of volunteer service each week. In consultation with the plan's nurses and social workers, the ElderHelpers are matched with plan members eligible for volunteer assistance. These care recipients are called "ElderPartners."

ElderHelpers are required to participate in a twelve (12) hour Training Program prior to assuming responsibilities. The training covers such subjects as:

- Communication skills.
- The challenge of coping with chronic health problems.
- Home safety and accident prevention.
- Nutrition, food shopping and meal preparation.
- Physical aspect of aging.

- Ethics and confidentiality.

- Record-keeping procedures.

Service credits are earned by ElderHelpers on the basis of one credit for every hour of direct service and one credit for every two hours of training and in-service education. For each hour of credit, members receive one hour of "insurance" entitling them to one hour of Member-to-Member volunteer services if and when needed according to Elderplan eligibility criteria. ElderPartners who redeem earned credits are able to expand their plan benefits by adding some services not covered by either the Medicare home care benefit or the plan's Chronic Care Benefit. To "prime the pump" and maintain an adequate pool of potential ElderPartners, especially in the initial phase of the program, service credits may be awarded to plan members based upon their need for service. The amount of credits awarded will be limited to ensure that people with earned credits who are eligible can redeem their credits in full.

The Social/HMO: An Innovative Approach to Pre-Paid Health Care for the Elderly

In 1984 Congress authorized a three-and-one half year federal demonstration program of the Social/HMO concept under the sponsorship of the Health Care Financing Administration of the U. S. Department of Health and Human Services (HCFA). The Social/HMO is a prepaid program of health and social services directed to a voluntarily enrolled population of "well" and impaired elderly. The program is financed on a prepaid capitation basis, with payments from Medicare, Medicaid and private individuals. Long-term care is integrated with acute and primary medical care using a case management approach. Elderplan is one of four Social/HMO demonstration sites. The others are Medicare Plus II (Kaiser Health Plan, Portland, OR); Seniors Plus (Ebenezer Society and Group Health Inc., Minneapolis, MN); and SCAN Health Plan (Senior Care Action Network, Long Beach, CA).

Elderplan: The Social/HMO and Service Credits in Brooklyn

Elderplan is a voluntary, non-profit New York State authorized HMO established in 1982. It is sponsored by Metropolitan Jewish Geriatric Center, which is a long-term care provider serving 2,000 frail older people in Brooklyn. The plan began service on March 1, 1985 and currently has more than 4,200 members in a 15-zip code area. Elderplan members are eligible for a full range of acute, inpatient, ambulatory, rehabilitative, extended care, home health and personal support services. The plan's goal is to help enrollees remain healthy and independent and also to avoid unnecessary, unwanted and costly hospital and nursing home care. Elderplan operates with a variety of waivers of Titles XVIII and XIX of the Social Security Act and serves both Medicare-only and dually eligible (Medicare and Medicaid) elderly.

Elderplan provides a Chronic Care Benefit for members with chronic disabling conditions so severe that they are at-risk for nursing home placement. At a minimum, such people are unable to independently perform two or more basic self-care activities. (These Activities of Daily Living or ADLs include bathing, dressing, grooming, ambulating, and transfering.) The Chronic Care Benefit is designed to extend Medicare's current Skilled Nursing Facility (SNF) and home health benefits with the addition of long-term care services provided on a coordinated and integrated basis by the plan's social workers and nurses. The services may include: nursing; physical, occupational and speech therapies; personal care and chore services; meals; day hospital; in-home and institutional respite care; and electronic monitoring. The maximum benefit for members who are not covered by Medicaid is $6,500 renewable annually.

Within the Elderplan family there already are nearly two hundred (200) members who are unable to function independently in terms of ADLs. These people are eligible for the plan's Chronic Care Benefit. Many others, less severely impaired and so ineligible for the benefit, suffer from chronic degenerative conditions which result in the loss of ability to perform routine tasks. (These Instrumental Activities of Daily Living or IADLs include such tasks as shopping, cooking, and cleaning.) Family support systems are often weak or non-existent, leaving these individuals with no one to turn to for assistance. Where family caregivers are available, they confront exhaustion from their enormous responsibilities and desperately need respite to be able to continue. Yet another group of members in need of help which falls outside the scope of the plan's Chronic Care Benefit are people recovering at home after being hospitalized who need short-term assistance which cannot be met through Medicare Certified services.

THE PARTICIPANTS

The ElderHelpers: Characteristics of the Volunteers

Twenty-four (24) volunteers have joined our Service Credit Banking Program in the first five months of operation. They are a cross-section of the people belonging to Elderplan. It is particularly important to note of these volunteers that:

- Sixty percent (60%) are 70 years old or older.
- Thirty-three percent (33%) are men and sixty-seven percent (67%) are women.
- Seventy-five percent (75%) have never participated in any formal volunteer activity until joining the Service Credit Banking Program.

ElderHelpers are interested in donating their time to the Service Credit Banking Program for two reasons:

1. Like traditional volunteers, they are pleased to help others in their community and so enjoy the intrinsic rewards of doing good.

2. At the same time, these people are attracted by the extrinsic reward of earning service credits for their work because the credits can be used to purchase a kind of supplementary long-term care insurance with no dollar cost.

The energetic and resourceful Service Credit volunteers are willing to provide a wide range of services including bathing, dressing, grooming, feeding, escorting, shopping, cooking, minor home repairs, and respite care.)

The ElderPartners: Profiles of Care Recipients

It has been said that "statistics are people without tears." The following cases translate data and program description into more meaningful human terms. They illustrate the kind of good work we do and what it means to our ElderPartners.

Respite and Exercise: The Case of Harry A.

The service credit program has been a blessing for Mr. Harry A. It has brought to his home a trained and compassionate peer volunteer to help him in a time of crisis. Harry, who is 72 years old, was diagnosed last year as having a case of incurable degenerative Parkinson's disease. Before he could even begin to adjust to his declining ability to get around by himself, Harry developed phlebitis and was confined to a wheelchair for many months. A once gregarious and energetic man who worked as a presser for more than fifty years, Harry became despondent over his condition. He became totally dependent upon his wife to bathe, dress and groom him, to get him out of bed, to the toilet and into his wheelchair. Mrs. A. was afraid to leave her husband alone for even short periods and had begun to neglect her own medical care because she could not get out.

ElderHelper Mr. Ben K. has been visiting Harry for four hours a week during the past three months. Ben, who is 68 years old, was asked by the social worker managing Harry's care to provide some respite so that Mrs. A. would be free to leave her husband for a short time and to assist Harry with regaining some ability to walk after the months of confinement. With this help, Harry has been able to get out, first in his wheelchair, then with a walker and now just with Ben's arm to lean on. Ben introduced Mr. and Mrs. A. to a Parkinson's support group and took Harry to the local YMCA where he could exercise in the pool. Each accomplishment has given him hope for the future, while providing support and relief for Mrs. A. The social worker says "Ben has provided Harry with the will to live again."

Independence for the Isolated: The Case of Eddie S.

Mr. Eddie S. relies upon the help of an ElderHelper in order to continue living at home. Eddie, who is 72 years old, lives alone in a walk-up apartment. He suffers from angina and emphysema. He recently underwent surgery to remove a cancerous lung, then was discharged to his apartment where he received a few weeks of Medicare Certified Sservices. Currently he is being evaluated for unexplained weakness in his right leg. Eddie can no longer negotiate the two flights of stairs in his building, making him a prisoner in his apartment. Assistance from family is virtually non-existent because his only living relative is an aged brother who resides in North Carolina.

The nurse who arranged for Eddie's discharge from hospital knew how important it was that someone be available to take care of the shopping and errands that connect Eddie to the community. ElderHelper Louis M. agreed to make weekly visits to Eddie's apartment. Louis, a hale 80 year old, does grocery shopping and errands for Eddie as needed, prepares a few light meals and helps to keep the apartment in order. These small services enable Eddie to continue living in his own home for as long as possible.

Help at Home for Someone with No One: The Case of Sally G.

Mrs. Sally G., an 81-year-old widow, has been hospitalized repeatedly for depression and organic mental syndrome. She needs assistance with many facets of her personal care (including bathing, dressing, grooming and toileting) as well as help managing in her home. She should be able to ambulate with her walker but does not unless she has assistance and encouragement. Her only relative, a niece, is unable and unwilling to be involved in any way.

For many months, Sally received help from a personal care worker on a full-time basis as part of Elderplan's Chronic Care Benefit. After Sally's most recent hospitalization, she exhausted her benefit and now must pay the full costs for the in-home care she continues to need. Elderplan has, however, been able to match Sally with Mrs. Avis R., a retired nurse's aide who is extremely helpful and supportive to Sally. During her weekly visits and interim telephone calls, Avis reminds Sally to take her psychotropic medications, encourages her to eat and ensures that Sally walks as much as possible. Sally showers Avis with kisses upon arrival and departure, thankful for the compassion and order which Avis brings to her life.

After the Hospital and Still Recovering: The Case of Helen L.

Mrs. Helen L. is a ninety-one year old partially blind woman who suffers from diabetes, heart disease, circulatory insufficiency. Not long ago she hospitalized for two weeks with stasis ulcers. Now at home, she is only partially ambulatory and, at best, is

able to walk just short distances within her apartment. Until recently, most of Helen's needs were taken care of by her sixty-four (64) year old son Frank who lives with her. A few months ago, Frank was diagnosed with an untreatable brain tumor. It is progressively limiting his ability to care for his mother. Helen's sister is homebound in an apartment across the street, and there is no one else to whom she can turn.

Helen and her son say they are eternally grateful to ElderHelper Miss Celia S., a retired licensed practical nurse, who visits their home weekly. Celia regularly does grocery shopping and other small errands for them. She can change the bandages on Helen's healing ulcer, escort her to the doctor's office, and provide stand-by supervision for bathing. Celia's presence makes it easier, indeed possible, for Helen and Frank to cope with a stressful and heartrending situation.

THE ROLE OF SERVICE CREDITS

The Significance of the Service Credit Banking Program in a Prepaid Health Plan Setting

Elderplan's Member-to-Member Service Credit Banking Program is a unique and timely pioneering undertaking, responding to central issues in the delivery of prepaid health care services to the elderly, particularly to those in need of long-term care in order to continue living independently. The program is designed to expand the benefit packge of chronic care services and in-home assistance to health plan members who are at-risk of nursing home placement or who are medically vulnerable, without having to increase the cost to plan members. It also makes Elderplan into a community of caring among peers and enhances the quality of life for both caregiving ElderHelpers and care-receiving ElderPartners.

Elderplan established Member-to-Member as a Service Credit Banking program in 1987 with support from The Robert Wood Johnson Foundation and Morgan Guaranty Trust to meet four key objectives:

1. To expand the range of services available to impaired members by creating an additional pool of well-trained and compassionate caregivers who offer types of assistance which are not included in Elderplan's Chronic Care Benefit.

2. To help impaired members target their Chronic Care Benefit for the most urgently needed services and to reduce the costs associated with the private purchase of chronic care services.

3. To make the comprehensive health protection available through the S/HMO model even more affordable by allowing a part of the actuarial value of earned credits to "purchase" more benefits and/or to reduce monthly plan premium costs.

4. To provide a model to bring these developments in Service Credit Banking to HMOs and other managed care settings serving the elderly.

There is close cooperation between Member-to-Member and other ACTION programs. Elderplan is to become a station of The Retired Senior Volunteer Program in New York City (RSVP-NYC). The expertise of RSVP plus the benefits of membership for seniors are available to Member-to-Member volunteers. Moreover, RSVP-NYC, along with the New York City Department for the Aging are participating organizations in the three-year demonstration phase of the Service Credit Banking program. Further, plans are being developed to affiliate with the Senior Companion program administered by United Neighborhood Houses in Brooklyn. When implemented, this will complement the current volunteer effort with trained peers who are able to devote more hours each week to meeting the special needs of impaired seniors.

Service Credit Banking Addresses the Need for In-Home Assistance for Poor and Frail Seniors

As you well know, there is a growing national crisis in providing affordable and compassionate assistance to poor and frail seniors who desperately want to continue living at home. The Elderplan experience shows that the Service Credit Banking model offers a measure of real hope to seniors today and to all citizens who are planning now for their own late life. Vitally needed and affordable benefits include:

- The unused skills and concern of active, relatively well seniors are matched with their frail and poor neighbors who need assistance to prevent or delay institutionalization.

- Health providers are able to expand the range and quantity of supportive services they can mobilize on behalf of their members without adding to the costs of care.

- Seniors are able to experience the personal rewards of helping others while earning additional insurance protection for themselves.

In conclusion, I urge you to promote the passage of the Volunteer Service Credit Promotion Act. We know how great the need is. We know that even major corporations now seek to offer some chronic care coverage as part of their benefit package for employees. We know that "people helping people" is the only choice for those now unprotected by policies, friends and families. Service credits have the potential to make the critical difference in the lives of our nation's seniors.

I will be pleased to respond to any requests for additional information which would assist the Committee in its deliberations and will be glad to keep you apprised of our experience with Service Credit Banking here at Elderplan.

Sincerely,

Terrie G. Raphael

Terrie G. Raphael, Ph.D.
Director,
Member-to-Member Program

Senator MATSUNAGA. I have always strongly believed, as the sages of the past, that the greatness of any society can be accurately measured by the degree to which it cares for its elderly citizens. I am very happy to hear your testimonies. While I have questions to put to you, I am already late for another meeting, so we will have the questions submitted to you in writing. You may respond in writing and your responses will appear in the record.

So I thank you, each and every one of you, for coming here today. I am sure that Members of the Subcommittee will be guided by your wise words.

Thank you very much.

The subcommittee stands in recess subject to the call of the Chair.

[Whereupon, at 4:08 p.m., the subcommittee was adjourned, subject to call of the Chair.]

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81-312 (120)